WORLD BANK GROUP

Africa Group I Constituency
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Executive Director

Botswana – Burundi – Eritrea – Ethiopia - Gambia, The – Kenya – Lesotho – Liberia – Malawi – Mozambique – Namibia
Rwanda - Seychelles - Sierra Leone – Somalia - South Sudan – Sudan - Swaziland – Tanzania – Uganda – Zambia - Zimbabwe

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ACRONYMS

AFG1	Africa Group 1 Constituency
ACG	African Consultative Group
ASA	Advisory Services and Analytics
B40	Bottom 40 percent
CPF	Country Partnership Framework
CPIA	Country Policies and Institution Assessment
CRW	Crisis Response Window
DRM	Domestic Resource Mobilization
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
EAP	East Asia Pacific
ECA	Europe and Central Asia
ECB	European Central Bank
EMDEs	Emerging Market Developing Economies
ESSF	Environmental and Social Safeguards Framework
FCS	Fragile and Conflict-affected States
FCV	Fragility, Conflict and Violence
FDI	Foreign Direct Investment
FY	Fiscal Year
GCI	General Capital Increase
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IFF	Illicit Financial Flows
IFIs	International Financial Institutions
IMF	International Monetary Fund
LAC	Latin American and Caribbean
LICs	Low-Income Countries
MDBs	Multilateral Development Banks
MENA	Middle East and North Africa
MICs	Middle Income Countries
MIGA	Multilateral Investment Guarantee Agency
ODA	Official Development Assistance
PEF	Pandemic Emergency Facility
PPP	Purchasing Power Parity
PPPs	Public-Private Partnerships
PSW	Private Sector Window
SAR	South Asia Region
SCD	Systematic Country Diagnostic
SCI	Selective Capital Increase
SDGs	Sustainable Development Goals
SDR	Special Drawing Rights
SIDS	Small Island Developing States
SSA	Sub-Saharan Africa
SUF	Scale Up Facility
USA	United States of America
WBG	World Bank Group

Foreword by the Executive Director

I am pleased to present the *FY17 Interim Report*, the first in my tenure as Executive Director for Africa Group 1 Constituency at the World Bank Group (WBG). I wish to express my sincere gratitude to all Governors and Alternate Governors for entrusting me with the responsibility of managing the affairs of the Africa Group 1 Constituency for these next two years. I will rely on your continued support and guidance for the duration of my mandate.

This Interim Report comes at a time when global economic activity is showing some signs of recovery, after a sluggish performance brought on by low commodity prices, weak global trade and rising policy uncertainty. Sub Saharan Africa (SSA), which recorded its weakest performance in over two decades, with growth at only 1.5 percent in 2016, is expected to register a rebound to 2.9 percent in 2017, well below its trend growth rate of 4.5 percent. Extreme weather, fragility and violence, as well as policy uncertainty in advanced economies remain material headwinds to our efforts to attain poverty-reducing levels of growth. It is, therefore, critical for African economies to reduce their vulnerability to commodity price variations and dependency on the export of raw commodities through economic transformation and diversification, and promote greater integration into regional and global value chains. Ultimately, the achievement of the WBG's twin goals will depend on how SSA performs in this respect.

At the global level, some progress has been made towards the achievement of the twin goals with almost 1.1 billion fewer people living in poverty in 2013 compared with 1990, and the incomes of the poorest people rising in 60 out of 83 countries for which data is available between 2008 and 2013. In order to meet the challenges of the 2030 Development Agenda, the WBG is repositioning itself to meet the twin goals and the Sustainable Development Goals (SDGs) through the *Forward Look*, which defines three working program priorities (sustainable growth, human capital development and resilience) and five pillars (focus on all client segments, lead on global issues, mobilize financing, improve the business model and ensure adequate financial capacity). In addition to deeper collaboration across its entities, the WBG seeks to forge stronger partnerships with other multinational development banks, international organizations and private sector entities.

In line with the Forward Look and building on previous achievements, our Office has adopted *Agenda 24* as the strategic work program for the period November 2016 and October 2018. Under Agenda 24, the Office will focus on four thematic areas: (i) Enhancing resource flows to the Constituency; (ii) Voice and Shareholding Review; (iii) Countries with Special Needs; and (iv) the 2017 African Caucus Meeting. On this basis, we shall keenly follow up on the IDA17 and IDA18 policy commitments and application of resources for the benefit of our countries. Relatedly, our advocacy for increased engagement of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) in the Constituency, backed by the recently established Private Sector Window (PSW) and the new IFC 3.0 Strategy to create, deepen and expand markets in developing countries, especially in Low Income Countries (LICs) and Fragile and Conflict-affected States (FCS). Of particular focus will be the

reengagement of Eritrea, Somalia, The Sudan and Zimbabwe with the WBG, and access to the arrears window under IDA18 for qualifying countries. Similarly, the Office strategy seeks to continue to advocate for transformative infrastructure projects in energy, water and transport, as well as in agriculture and agribusiness. Sound project preparation will be important as countries access more resources under IDA18.

Of deep concern to the Office is the humanitarian crisis and refugee situation in Africa. Increasingly, the refugee issue and other forced displacements situations are emerging as crucial development challenges for host countries and communities. In this regard, the Office has organized a *High-Level Panel Discussion on Refugees in Africa and its Impact on the Economies of Host Countries* at which Chad, Ethiopia, Kenya and Uganda will share their experiences and the lessons while implementing progressive policies in response to the forced displacement crisis. The UN High Commissioner for Refugees and the WBG, will provide perspectives on the need to complement the traditional humanitarian approach with a development approach to forced displacement and the new opportunities provided by IDA18 to support countries hosting refugees.

The Shareholding Review has reached a critical stage and the Office will continue to seek an outcome which does not dilute the voice of the smallest and poorest member countries. At the 2017 Spring Meetings, the Governors will be updated on the technical preparations and emerging policy issues. Outstanding decisions include the size and allocation rules for the General Capital Increase (GCI). I am glad to report that most countries in our Constituency are on course to fulfill the requirements for subscriptions for IBRD GCI by March 16, 2018. However, because some countries were unable to subscribe for the shares allocated to them under IBRD Selective Capital Increase (SCI) Resolution 612, the Constituency share and voting power shrank. To protect the voting power of our Constituency and its members against excessive dilution, there will be need for an increase in allocation of Basic Votes.

This Interim Report provides further highlights of these and other issues pertinent to our development agenda. It is my hope that the Honorable Governors find the Report informative.

Andrew N. Bvumbe

Executive Director

Executive Summary

The pace of global economic growth eased in 2016 to 2.3 percent from 2.6 percent in 2015 on account of the combined effects of low commodity prices, weak global trade and rising policy uncertainty in advanced economies. Growth in advanced economies slowed to 1.6 percent from 2.1 percent, reflecting developments in the United States of America and the Euro Area where investment softened. Similarly, output growth in Emerging Market Developing Economies (EMDEs) eased slightly to 3.4 percent in 2016, from 3.5 percent in 2015, as several countries adjusted to lower commodity prices. Within this context, commodity-importing countries mostly outperformed their commodity exporting counterparts. Growth in the Sub-Saharan African (SSA) region fell to its lowest in over two decades to 1.5 percent on account of the headwinds faced by the region's largest economies. However, performance remained favorable among smaller agriculture-dependent countries primarily due to continued infrastructure spending.

Commodity price dynamics began to turn in favor of a recovery across most markets in late 2016 and early 2017, as improvements occurred on both the demand and supply sides. For instance, in the crude oil markets prices edged upwards on the basis of firmer demand and a decision by Organization of Petroleum Exporting Countries (OPEC) to limit production to 33.0 million barrels per day in 2017.

Over the medium term, the global economy is expected to regain some momentum with the support of a stabilization in commodity prices and growing private consumption, countering the downside risks presented by policy uncertainty on global trade and tightening financing costs as US monetary policy normalizes. Global economic growth is projected to progressively rise to 2.7 percent in 2017, and to 2.9 percent in 2018 and 2019. Similarly, in the SSA region, the modest recovery in commodity prices is expected to counter the effects of extreme weather, fragility and supply-side rigidities, to place growth at 2.9 percent in 2017, and 3.6 percent and 3.7 percent in 2018 and 2019, respectively.

The World Bank Group (WBG) operations displayed a mixed performance in the first half of FY17 (June to December 2016), with a decline in World Bank lending and an uptick in activities by the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). The World Bank committed US$14.3 billion, 31 percent lower than in the first half of FY16, due to lower Development Policy Operations (DPOs). US$2.4 billion was committed to the SSA region indicating a decline of 27 percent. Commitments are projected to rebound by end-FY17 and exhaust the IDA17 envelope at the end if its three-year cycle. Similarly, disbursements by the World Bank declined by 23.6 percent to US$14.6 billion, with SSA disbursements 21 percent lower than at the same period in the previous year.

Commitments, approvals and disbursements by the IFC increased during the first half of FY17 compared to the same period in FY16. Total commitments increased by 14.8 percent to US$8.2 billion while approvals rose to US$8.9 billion from US$7.6 billion. Disbursements increased substantially to US$6.4 billion from US$2.1 billion over the same period. Similarly, MIGA increased its operations by supporting eleven new projects, compared to seven new projects supported during the corresponding period in FY16, while gross issuances amounted to US$2.5 billion, up from US$2.0 billion.

The WBG has made progress in implementing some of the building blocks of the *Forward Look* – its corporate strategy towards the twin goals and the 2030 agenda. The International Development

Association (IDA) and IFC have been repositioned to enhance their operations, while efforts have commenced to improve the operational efficiency of the World Bank. Further, a new WBG action plan on climate change has been approved and progress has been made in developing instruments to assist countries address Illicit Financial Flows (IFF) and promote Domestic Resource Mobilization (DRM).

As regards IDA, negotiations concluded in December 2016 for the IDA18 Replenishment to provide US$75.0 billion and an enhanced policy package to support low income member countries for the next three years. Five special themes were adopted: (i) Economic Transformation and Jobs; (ii) Fragility, Conflict and Violence (FCV); (iii) Climate Resilient Development; (iv) Gender Equality; and (v) Governance and Institution Building. Policy enhancements include a doubling of support to countries facing fragility; a new refugees sub-window for refugees and hosting communities; and an extension of the Scale Up Facility (SUF) established under IDA17. Further, to help mobilize private capital, particularly in fragile situations, a new IFC-MIGA Private Sector Window (PSW) was established, while the envelope for the WBG's Project Preparation Facility was raised from US$290 million to US$750 million for pipeline development. A resolution to adopt the IDA18 financing and policy package was approved by Governors in March 2017 to take effect on July 1, 2017.

A new IFC strategy, was introduced in December 2016 aimed at scaling up operations in riskier markets, especially in low income countries and FCV countries. This new strategy is anchored on: (i) creating markets through upstream technical work to open sectors to private investment, and (ii) mobilizing private capital through innovative mechanisms to de-risk potential investments.

The WBG adopted a Climate Change Action Plan (CCAP) aimed at increasing the climate-related share of its lending to 28.0 percent by 2020 from 21.0 percent by better integrating development with climate action. The WBG commits to mobilize at least US$13.0 billion a year in private investment through IFC and support enabling policies and institutional change in client countries. It also aims at de-risking renewable energy investments, to add 30 gigawatts energy generation over the next five years.

Also within the context of the Forward Look, the WBG has committed to become an *Agile Bank* by improving its internal processes to respond rapidly to client demands. In this regard, *Agile Pilots* have been established to find new ways of conducting business. A bank-wide scaling up of processes will occur once 30 percent of staff have been covered by these Pilots. Coverage was at 10 percent in the first half of FY17.

Following the endorsement of the Dynamic Formula by Governors under the Shareholding Review, a Shareholding Simulation Model (SSM) has been developed to determine the framework for the adjustment of Basic Votes and the limitation on excessive dilution of voting powers. The next step under the Review include the determination of the of the size and allocation rules for the General Capital Increase.

The reengagement process by Eritrea, Somalia, Sudan and Zimbabwe with the WBG proceeded at varied pace. Zimbabwe cleared its obligations with the IMF while Somalia successfully completed the first Article IV inspection in decades and is in the process of agreeing its second Staff Monitoring Program with the IMF. There was limited progress made by Sudan and Eritrea. There will be roundtable meetings for Somalia and Sudan on the margins of the 2017 Spring Meetings.

Chapter 1

Economic Developments and Prospects

- Global Economic Performance
- Economic Performance in Advanced Economies
- Economic Performance in Emerging Markets and Developing Economies
- Economic Performance in Africa Group 1 Constituency Countries
- Medium Term Outlook
- Progress on Global Development Goals

Chapter 1

Economic Developments and Prospects

1.1 Overview

This Chapter highlights recent global and regional economic developments and provides a medium term outlook on economic prospects. It also shows global trends in poverty reduction and income equality.

Global economic growth eased in 2016 due to the combined effects of low commodity prices, weak global trade and rising policy uncertainty in advanced economies. Though commodity market dynamics began to bottom out in the latter half of 2016, output performance for the year remained constrained by the earlier slump. Economic growth dipped in both advanced economies and Emerging Market Developing Economies (EMDEs) as economic headwinds swept across most parts of the globe. The *Sub-Saharan African* (SSA) region recorded its worst growth performance in over 20 years due to the impact of low commodity prices on the economies of large oil exporters and South Africa.

The global economy is expected to regain momentum over the medium term as stabilization occurs in commodity markets and private consumption supports growth in both advanced economies and EMDEs. However, the possibility of prolonged uncertainty about trade policies, tighter global financing costs and financial market disruptions present possible headwinds for medium term performance. Against this background, global economic growth is projected to rise to 2.7 percent in 2017, and further strengthen to an average of 2.9 percent in 2018 and 2019.

1.2 Global Economic Performance

Economic performance in 2016 eased in both advanced and EMDEs to place global economic growth lower at 2.3 percent, from 2.6 percent in 2015. This was mainly on account of a slowdown in trade, weak investments and heightened policy uncertainty on trade regimes and financial regulations in advanced economies. Growth in advanced economies slowed to 1.6 percent largely reflecting developments in the United States of America (US) and the Euro Area, where investment softened. Output expansion in the US was also affected by lower spending by local and state governments, partly offsetting the contribution of the federal government to domestic demand. The growth in the Euro Area was also impacted by a decline in export performance, countering the accommodative stance of the European Central Bank (ECB). In contrast, the Japanese authorities successfully uplifted economic activities through fiscal and monetary measures, though growth remained feeble amid low inflation expectations and structural labor shortages (Table 1.1).

Output growth in EMDEs eased slightly to 3.4 percent in 2016, from 3.5 percent in 2015, as several countries adjusted to lower commodity prices. Performance was markedly divergent between commodity-exporting economies and their commodity-importing counterparts. The former group collectively grew by 0.3 percent in 2016, down from 0.4 percent in 2015, while commodity-importing EMDEs maintained a strong

growth rate, albeit lower at 5.7 percent, from 5.9 percent in the previous year.

All major categories of the commodities market bottomed out in 2016, as improvements occurred on both the demand and supply sides. Crude oil prices made a recovery as rising consumption and falling production lowered stockpiles in the market. However, vast stocks remain in the market, particularly in the US. Oil prices on net averaged US$43.3 per barrel in 2016 and are expected to rise to US$55.3 per barrel in 2017, a rise of 28.0 percent. On the supply-side, support to oil prices is expected to come from an agreement by Organization of Petroleum Exporting Countries (OPEC) to limit production to 33.0 million barrels per day in 2017. The impact of this agreement will be subject to the response of non-OPEC producers, especially US shale oil producers that enjoy relatively more flexibility in restarting production. Other factors include disruptions in supplies in countries facing conflict, particularly in Iraq.

Metal prices also posted some recovery partly due to a stimulus package to China's property and construction sectors. Metal prices are expected to rise by 7.0 percent in 2017 as markets tighten further. Risks largely depend on developments in China, the single largest consumer of metals. However, intentions towards an aggressive infrastructure program in the US is expected to give support to the market. Agriculture prices remained favorable on account of ample supplies and strong demand.

Median global inflation remained modest throughout 2016 at 1.3 percent, from 1.4 percent in 2015. However, inflationary pressures in advanced economies displayed a consistent trend from June 2016, reflecting a tightening in labor markets, rising wages and greater consumer confidence. Consumer prices rose at a pace of 1.1 percent, compared to near zero rates on the previous year, eliminating earlier concerns about entering a deflationary trap. Inflation in EMDEs was slightly higher in 2016 at 2.4 percent, compared to 2.2 percent in 2015, largely reflecting pass-through effects of currency depreciation in commodity-exporting EMDEs.

Growth in advanced economies is expected to moderate to 1.8 percent in 2017 and 2018, and then moderate further to 1.7 percent in 2019. This will largely depend on the performance of the US economy. Growth in EMDEs is projected to pick up as the slowdown in China flattens out and Brazil and Russia progressively recover from recession. Performance of EMDEs is, however, vulnerable to a tightening in trade restrictions that could emerge if risks around protectionist policies materialize. Growth in EMDEs is projected to pick up to 4.2 percent in 2017, then rise further to 4.6 percent and 4.7 percent in 2018 and 2019, respectively.

Table 1.1: Global Economic Performance and Outlook

	2015	2016[e]	2017[f]	2018[f]	2019[f]
Real GDP Growth (%) [1]					
World	2.6	2.3	2.7	2.9	2.9
Advanced countries	2.1	1.6	1.8	1.8	1.7
Emerging Market and Developing Economies (EMDEs)	3.5	3.4	4.2	4.6	4.7
BRICS [2]	3.8	4.3	5.1	5.3	5.4
Commodity-exporting EMDEs	0.4	0.3	2.2	2.9	3.1
Inflation (%)[3]					
World	1.4	1.3	-	-	-
Advanced countries	0.1	0.4	-	-	-
Emerging Market and Developing Economies	2.2	2.4	-	-	-
Commodity-exporting EMDEs	-	-	-	-	-
Other EMDEs	1.0	1.1	-	-	-
Commodity prices					
Non-Energy Commodity Price Growth (Percentage change)	-15	-3.3	2.1	2.2	2.1
Oil Price (US$ Per Barrel) [4]	50.8	43.3	55.3	59.9	62.7
Oil Price changes (Percentage change)	-47.3	-14.6	27.5	8.4	4.6
Interest Rates (%)					
US dollar, 3-Months	0.32	0.74	-	-	-
Euro, 3-Months	-0.02	-0.26	-	-	-

Source: World Bank

Notes

1. Real Aggregate GDP growth rates calculated using constant 2010 dollars GDP weights.
2. BRICS = Brazil, Russia, India, China and South Africa.
3. Inflation figures for 2016 are up to June.
4. Twelve-month simple average of spot price for Dubai, Brent and West Texas Intermediate.

e = estimate; f = forecast.

Figure 1.1: Commodity prices

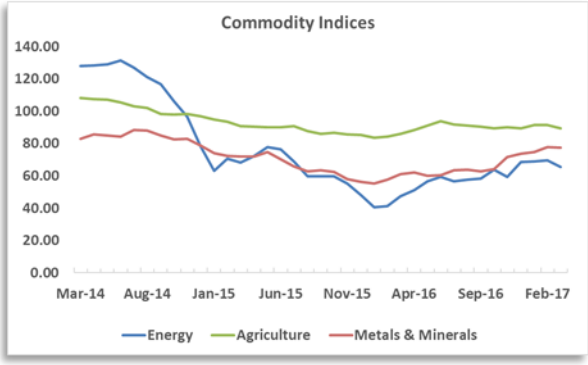


Figure 1.1(a): Commodity Price Indices

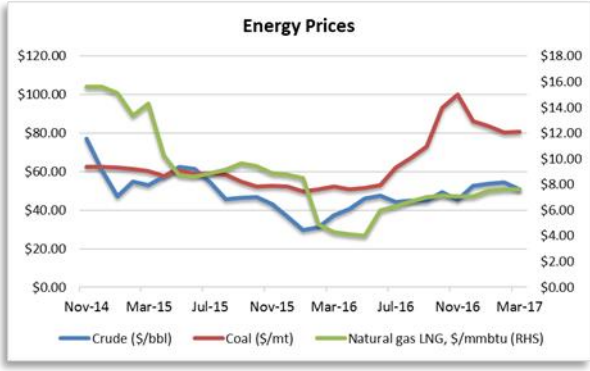


Figure 1.1(b): Energy Prices

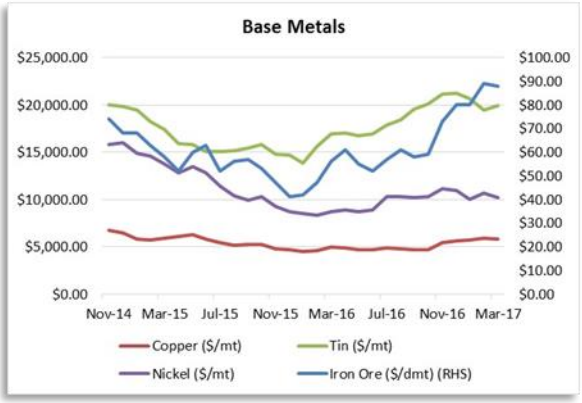


Figure 1.1(c): Prices for Base Metals

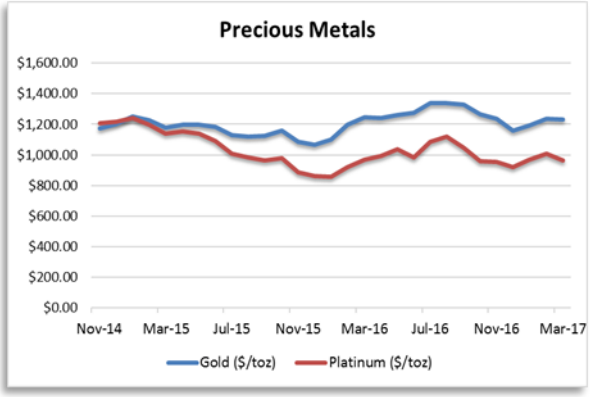


Figure 1.1(d): Prices for Precious Metals

Source: World Bank

1.3 Economic Performance in Advanced Economies

Economic growth in advanced economies slowed to 1.6 percent in 2016, from 2.1 percent in 2015, reflecting weakening investment in the US and the Euro Area (Table 1.2). Notwithstanding this dip, consumer confidence continued to build as labor markets tightened and real wages began to rise after a long period of stagnation. Monetary policy tightened moderately in the US while it remained accommodative in the Euro Area. Growth in advanced economies is expected to recover some ground to average of 1.8 percent in 2017 and 2018, mainly due to strengthening personal consumption. However, elevated uncertainty relating to trade policy and financial regulations poses downside risks.

In 2016, the US grew at a pace of 1.6 percent, down from 2.6 percent in 2015, reflecting a decline in investment and spending by state and local governments. These factors offset effects of a pickup in federal government spending and a strengthening in export performance. Notwithstanding the slowdown in the annual growth rates, quarterly performance showed an increase in industrial output and a tightening in labor markets in the second half of the year. Recent data on industrial activity show that the manufacturing sector experienced a surge in the latter part of 2016 and into 2017, reflecting a firming up in business confidence as disposable incomes rise.

The rise in economic activity combined with the decline in the unemployment rate gave monetary authorities further confidence in the ability of the US economy to absorb a normalization of monetary policy. The decline in the unemployment rate to near full employment levels and a rise in real wages, allowed demand-pull inflation to end a short episode of deflation, prompting the US Federal Reserve Bank (the Fed) to embark on a series of gradual increases in the federal funds rate in December 2016. This was only the second time the key policy rates had been lifted since 2009, signifying the Fed's positive outlook on economic prospects in the world's largest economy. The rise in inflation and improvements in labor market conditions will provide firmer grounds for systematic hikes in the federal funds rate over the medium term.

However, the gradual tightening in the stance of monetary policy is expected to have a modest impact on domestic demand as robust growth in personal consumption expenditure and falling levels of household debt service ratios will continue to fuel robust demand for credit and housing. Further, pronouncements by the new US administration to cut financial and business regulations and embark on an ambitious infrastructure program have injected confidence in the manufacturing sector and other related sectors such as transportation, wholesale and construction. Against this backdrop, growth is projected to recover to 1.8 percent in 2017 and 2018.

The developments relating to the change in the US Administration are a major source of uncertainty for the rest of the global economy. While pronouncements of an expansionary fiscal regime provide upside risks to short term growth prospects for the US, plans to retreat from existing and planned trade agreements as well as the possible unwinding of banking regulations pose significant downside risks to growth across the globe.

Table 1.2: Real GDP Growth in Advanced Economies (%)

	2015	2016[e]	2017[f]	2018[f]	2019[f]
Advanced economies	2.1	1.6	1.8	1.8	1.7
Euro Area	2.0	1.6	2.2	2.1	1.9
Japan	0.6	0.8	0.9	0.8	0.4
United States	2.6	1.6	1.8	1.8	1.7

Source: World Bank

Notes: e = estimate; f = forecast

Growth in the Euro Area slowed in 2016 to 1.6 percent, from 2.0 percent in 2015, as both domestic demand and exports weakened. Investment declined against a background of heightened uncertainty around the implications of the Brexit vote and the pronouncements by the US Government on international trade. However, fiscal policy was expansionary in the year partly due to refugee related outlays. Notable, are improvements in labor market conditions that saw unemployment rates rebound to their pre-crisis levels. In 2017, growth in the Euro Area is expected to pick up to 2.2 percent due to rising business confidence, countering the effect of policy uncertainties and lingering concerns about the performance of banking sector in the presence of negative interest rates. Growth is further projected to remain relatively flat in 2018 and 2019.

The Japanese economy grew by 0.8 percent in 2017, compared to 0.6 percent in the previous year, on account of an accommodative macroeconomic stance and a modest pickup in private consumption. The government

supported growth by postponing a consumption tax hike and implementing a fiscal stimulus package, while the Bank of Japan kept a loose monetary policy stance. Macroeconomic performance remained fragile as investments and exports had a feeble performance, while private consumption showed signs of improvement. Further, low inflation expectations and labor shortages from an aging population underlie the slow increase in wages, presenting a structural drag on domestic demand. In 2017, growth is projected to marginally advance to 0.9 percent following a fiscal stimulus programed at 1.5 percent of Gross Domestic Product (GDP). Projections for 2018 and 2019 are at 0.8 percent and 0.4 percent, respectively.

1.4 Economic Performance in Emerging Market and Developing Economies

Economic performance in EMDEs declined for the second consecutive year in 2016, against a backdrop of low commodity prices, weak trade and supply-side rigidities. Output growth eased to 3.4 percent from 3.5 percent in 2015, with growth slowing in all developing regions excluding the *East and Central Asia* (ECA) region (Table 1.3 and Figure 1.2). Growth in ECA picked up mainly due to the performance of western Baltic nations that continued to benefit from the recovery taking hold in the Euro Area, especially in Germany.

Economic performance was distinct between commodity exporters and importers, with the former category of EMDEs registering slower growth and greater macroeconomic instability. As a group, exporting countries growth remained anemic at 0.3 percent in 2016, from 0.4 percent in the previous year. This slowdown occurred despite the improvements in Brazil and Russia, two major commodity exporters that account for two fifths of output by commodity exporting EMDEs. Both private consumption and investment demand contracted in these countries, offsetting investment gains that were registered in other exporting countries. The economies that faced the most difficulty were those that had not made complete adjustments to the shock in terms of trade. In the *Latin America and Caribbean* (LAC) region, Venezuela remained in a deep recession due to the application of rigid measures to counter the shock, while in the *Sub-Saharan Africa* (SSA) region, the Nigerian economy contracted partly due to gradual adjustments in the exchange rate regime and shortages in hard currency that ensued.

Commodity importing countries, on the other hand, registered more favorable outcomes, though growth was slightly lower at 5.7 percent in 2016, compared to 5.9 percent in 2015. Domestic demand remained strong, reflecting sound macroeconomic policies and the effect of lower energy prices on disposable incomes. Low inflation and energy costs allowed some importing countries to ease macroeconomic policy and advance plans for infrastructural investment, further boosting economic performance.

Medium term prospects for the EMDEs are expected to improve as commodity prices gradually gain ground. Indications are that modest gains in commodity markets in late 2016 and early 2017 have given some countries some reprieve from fiscal contraction that characterized 2015 and most of 2016. Growth in exporting countries is expected to rally to 2.2 percent in 2017 and average 3.0 percent in 2018 and 2019. With this category accounting for two thirds of output in EMDEs, further strengthening in prices is expected to support an upward trend in growth in overall performance of EMDEs.

However, several risks continue to be at play as commodity markets recover. Brexit and the changes in the US administration have raised concerns around a drift toward protectionist policies, thereby injecting considerable uncertainty about the future environment for global trade. The outcome of elections in key European countries could inject further concerns around this matter. Notwithstanding these risks, output is projected to expand by 4.2 percent in 2017, then accelerate to 4.6 percent and 4.7 percent in 2018 and 2019, respectively.

Economic performance continued to ease in the *East Asia Pacific* (EAP) region, primarily due to the rebalancing of the Chinese economy. EAP growth declined to 6.3 percent in 2016 from 6.5 percent in 2015. The Chinese economy decelerated to 6.9 percent in 2015 from 7.3 percent in the previous year, as the services sector overtook industry in dominance. A combination of accommodative monetary policy and infrastructure-based fiscal stimulus induced a pickup in investment. Indications are that the slowdown in China is nearing a closure, as producer prices that had been negative for a prolonged period began to rise depicting a decline in overcapacity. However, vulnerabilities remain in the financial sector. Despite measures to curb credit growth to the housing sector, credit reached 250 percent of GDP while housing prices surged, thereby extending leveraging risks in the economy. Growth in China is projected to ease further to 6.7 percent in 2017 and to 6.5 percent and 6.3 percent in 2018 and 2019, respectively.

Excluding China, growth in the EAP region remained unchanged at 4.8 percent in 2016, reflecting offsetting performances between commodity exporters and importers. Growth picked up among importers, especially in Thailand and Philippines, on the back of accommodative monetary policy, infrastructure spending and strong growth in exports. Cambodia recorded strong inflows of Foreign Direct Investment (FDI) into its garment sector, which boosted export performance. However, a severe drought and weak export receipts held back the performance in Vietnam. Growth in EAP's commodity exporting countries (Lao PDR, Malaysia, Myanmar, Mongolia, Papua New Guinea) eased as they adjusted to lower commodity prices. However, Indonesia broke ranks with other exporters to register positive growth, as a recovery in investment and accommodative monetary policy allowed for a relative rapid adjustment to the changing market conditions.

Over the medium term, economic performance is expected to improve across the EAP region as the economies of commodity exporters regain some footing. Excluding China, EAP growth is projected to rise to 5.0 percent in 2017 and average 5.2 percent in 2018 and 2019. However, with China considered, the overall growth performance of the region is expected to ease to 6.2 percent in 2017, and 6.1 percent in 2018 and 2019.

Table 1.3: Real GDP Growth in Emerging Market and Developing Economies (%)

	2014	2015	2016[e]	2017[f]	2018[f]	2019[f]
Emerging Market and Developing countries (EMDEs)	**4.2**	**3.5**	**3.4**	**4.2**	**4.6**	**4.7**
East Asia and Pacific	6.7	6.5	6.3	6.2	6.1	6.1
China	*7.3*	*6.9*	*6.7*	*6.5*	*6.3*	*6.3*
Europe and Central Asia	1.8	0.0	1.3	2.5	2.8	2.8
Turkey	*3.0*	*4.0*	*3.1*	*3.5*	*3.6*	*3.5*
Latin America and Caribbean	0.9	-0.7	-1.5	1.1	2.2	2.5
Brazil	*0.5*	*-3.8*	*-3.4*	*0.5*	*1.8*	*2.2*
Middle East and North Africa	3.3	3.2	2.7	3.0	3.3	3.3
Egypt	*2.9*	*4.4*	*4.3*	*4.0*	*4.7*	*5.4*
South Asia	6.7	6.8	6.8	6.9	7.2	7.3
India	*7.2*	*7.6*	*7.1*	*7.3*	*7.6*	*7.7*
Sub-Saharan Africa	4.7	3.1	1.5	2.9	3.6	3.7
Nigeria	*6.3*	*2.7*	*-1.7*	*1.0*	*2.5*	*2.5*
Memo:						
Commodity-Exporting EMDEs	2.1	0.4	0.3	2.2	2.9	3.1
Commodity-Importing EMDEs	5.9	5.9	5.7	5.6	5.7	5.8
Low Income Countries	6.2	4.8	4.7	5.6	6.0	6.1

Source: World Bank
Notes: e = estimate; f = forecast

Economic growth in the *Europe and Central Asia* (ECA) region turned positive in 2016 at 1.3 percent after a year of zero growth. This reflected the stabilization in energy prices and the consequent impact on large commodity exporters such as Russia, Azerbaijan and Kazakhstan, as well as the easing of geopolitical tensions over the territories around Ukraine. The Russian economy contracted by 0.6 percent in 2016, outperforming the previous year's growth deceleration of -3.7 percent. Flexibility in the exchange rate regime and a bottoming out of investment demand were instrumental in this outcome. Output growth in Azerbaijan and Kazakhstan improved but remained in recession, partly due to a recovery in non-oil sectors that had suffered spillover effects of the price shock. The performance in these three economies weighed down on growth outcomes in the rest of Central Asia and South Caucasus. In Eastern Europe[1], growth remained robust due to close trade ties with the Euro Area experiencing firming domestic demand. Ukraine recorded 1.0 percent in output growth, following a steep contraction of almost 10.0 percent in 2015. This reflected the easing of the conflict and the impact of reforms to address large domestic and external imbalances.

[1] Includes Albania, Bosnia and Herzegovina, Kosovo, FYR Macedonia, Montenegro and Serbia.

The rebound in commodity prices and rise in confidence are expected to aid a recovery in the ECA region. The regional growth is therefore expected to accelerate to stabilize at 2.7 percent in 2017 through to 2019.

Economic growth in the *Latin America and Caribbean* (LAC) region declined for the second year in a row in 2016 to -1.5 percent, from -0.7 percent in 2015, mainly due to the impact of low commodity prices and weak growth in large economies in South America. The Brazilian economy contracted by 3.4 percent in 2016, which was only a slight improvement over the 2015 growth outturn of -3.8 percent. Economic conditions in Venezuela remained harsh on account of the decline in crude oil prices, as the economy deepened its recession and posted a contraction of 11.6 percent in 2016, following a decline of 5.7 percent in 2015. Aggressive monetization of the fiscal deficit continued to feed hyperinflation in Venezuela, causing disposable incomes to tumble. Other South American countries (Colombia, Ecuador and Trinidad and Tobago) were hit hard by lower oil prices, as fiscal positions deteriorated in tandem with the fall in oil revenues. In contrast, South America export performance was strong due to improvements in competitiveness induced by depreciating currencies in many countries, and the rise in copper production in Peru. South American economies are expected to record a contraction of 2.8 percent in 2016, down from a growth rate of -1.9 percent in the previous year.

Mexico and Central American economies registered positive but lower growth than in the previous year, despite the close ties with the US. This sub-region grew by 2.2 percent in 2016, down from 2.7 percent in 2015. Though growth in Caribbean economies slowed down to 3.1 percent from 3.4 percent previously, it remained robust on the basis of a strong showing by the tourism sector.

In 2017, however, the LAC region is projected to record some recovery on the back of firming commodity prices. Output in the South American sub-region is expected to grow by 0.7 percent as the economies of Brazil and Argentina emerge from recession with the aid of firmer prices and measures to address macroeconomic imbalances. Positive growth in other sub-regions is expected to compliment the tepid performance of South American economies, placing the LAC region's overall performance at 1.1 percent in 2017. Output growth is expected to rally to 2.2 percent and 2.5 percent in 2018 and 2019, respectively.

In the *Middle East and North Africa* (MENA) region, growth weakened to 2.7 percent in 2016, from 3.2 percent previously, on account of the adjustment to low oil prices and an intensification in the levels of conflict and insecurity across the region. Oil exporting countries continued to struggle under the weight of low energy prices, causing them to cut fiscal spending on infrastructure and consumption subsidies. This was notable in Gulf Cooperation Council (GCC) countries, where growth dipped by nearly 2.0 percentage points. Despite the fiscal adjustments, debt levels remained elevated in the region. Among oil exporters, Iran was an outlier as its level of oil production rose from a low base that had been previously held down by international sanctions.

Performance by oil-importing countries eased but remained relatively strong at 3.1 percent in 2016, down from 3.7 percent in the previous year. Economic expansion in Egypt slowed down as the tourism sector suffered the effects of a series of high-level terrorism events, including a plane crash in the Sinai Peninsula in 2015. The

Egyptian economy also experienced currency shortages that constrained performance in other sectors. Growth also eased in Morocco, reflecting the impact of drought conditions on its agriculture sector. Among oil-importers, growth in Lebanon was a bright spot with a strong showing in tourism receipts and real estate activity.

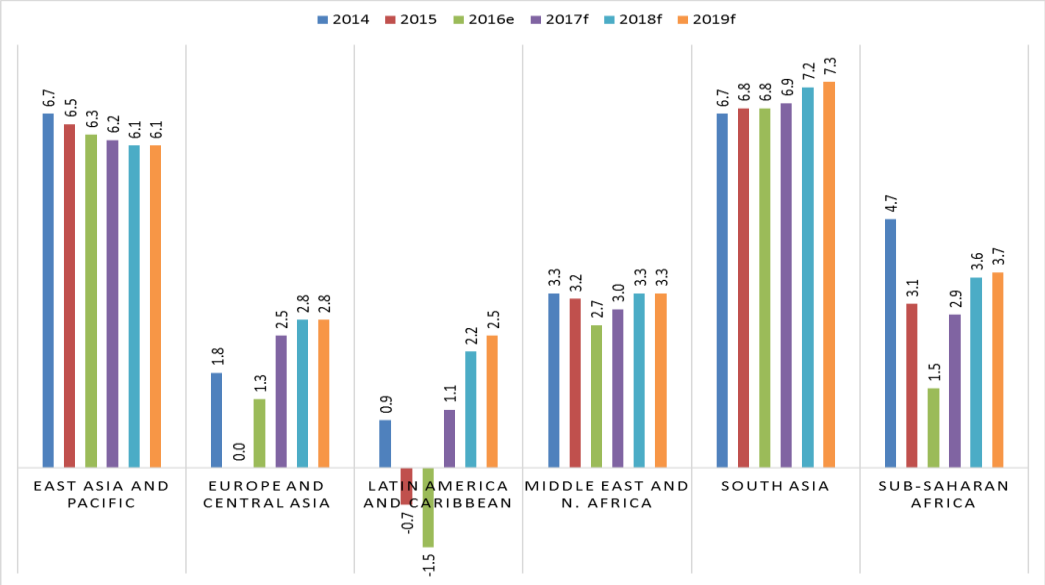
Syria, Yemen and parts of Iraq remained plagued by violence, while political divisions in Libya held back progress. The conflicts presented spillover humanitarian effects for the region and beyond as waves of displaced persons continued to seek safety in other locations, especially in Turkey and Germany. These conflicts continued to degrade and destroy the region's infrastructure and induce hardship for various communities trapped in conflict-affected regions.

The MENA region is, nevertheless, expected to record a recovery and post a growth rate of 3.0 percent in 2017, on account of an improvement in oil export performance and broad-based growth by oil-importing countries. However, insecurity and violence remain the major downside risks for the region.

The *South Asia Region* (SAR), in 2016, maintained its position as the world's fastest growing region by posting growth of 6.8 percent for a second consecutive year. Robust domestic consumption and domestic investment were the drivers of growth in most countries in the region. The Indian economy grew by 7.1 percent on account of strong private consumption and investment, strong inflows of FDI and robust industrial production. Macroeconomic policy was accommodative, while consumption remained resilient. Nevertheless, growth was lower than the 2015 rate of 7.6 percent. India experienced a disruption in monetary order caused by the Bank of India's demonetization program to curb illegal transactions often conducted in large denominations. Pakistan, Bangladesh and Sri Lanka also registered strong performance in 2016. Strong infrastructure investments were important factors in driving growth in these countries, offsetting the decline in remittances that emerged from the performance of GCC countries. Nepal posted a weak performance of 0.6 percent, reflecting supply constraints induced by a slow reconstruction effort following the 2015 Earthquake.

In 2017, the SAR is projected to record strong growth of 6.9 percent, largely due to the ongoing surge of activity in India. Growth is then projected to rise to 7.2 percent and 7.3 percent in 2018 and 2019, respectively.

Figure 1.2: Real GDP Growth in Emerging Market and Developing Economies (%)



Source: World Bank

Economic performance in the SSA region took a dramatic turn in 2016, mainly on account of poor performance in large oil exporting countries and South Africa (Table 1.4 and Figure 1.3). Growth declined from 3.1 percent in 2015 to 1.5 percent in 2016 – the weakest performance in over two decades. The economies of Nigeria and Angola continued to face stress under the scenario of low oil prices. Growth in Nigeria was further constrained by shortages in foreign currency and a decline in investor confidence. This affected the performance of non-oil sectors, to place overall economic growth at -1.7 percent in 2016 down from 2.7 percent in 2015. Output growth declined in Angola but remained positive at 0.4 percent in 2016 from 3.0 percent in the previous year, as flexibility in the exchange rates allowed for a less disruptive adjustment. This notwithstanding, cuts in public and private investment weakened domestic demand, while currency depreciation contributed to the rise in inflation to over 40 percent. Other oil exporters were also severely affected by the slump in oil prices. Growth in Chad declined to -3.5 percent in 2016, from 1.8 percent previously, while Equatorial Guinea recorded its third year of contraction at -5.7 percent, from -8.7 percent in 2015. In contrast, Cameroon and the Congo maintained robust growth rates on the basis of strong public investments and a counterbalancing rise in oil production.

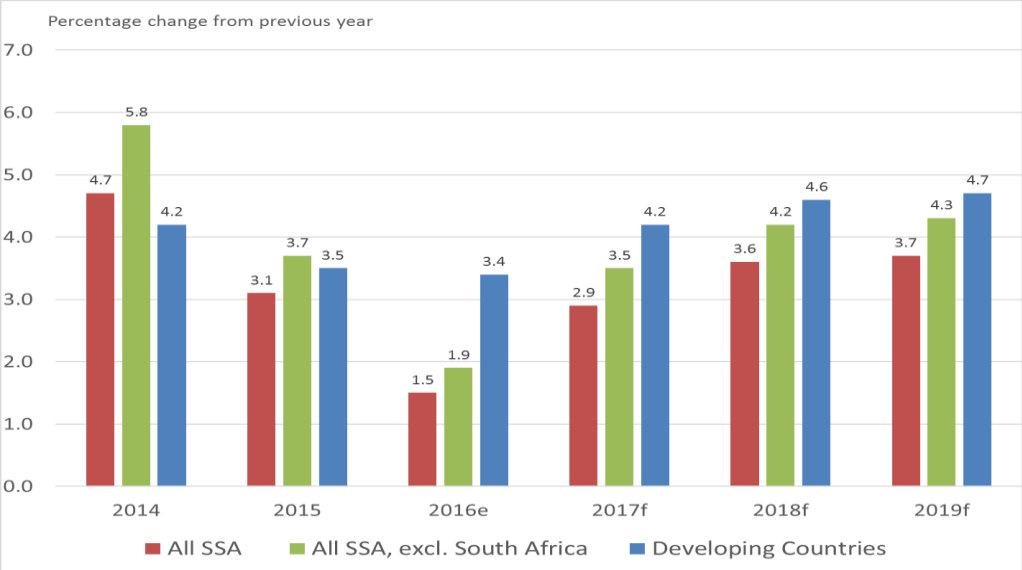
Among non-energy exporting countries, slow growth in the South African economy weighed down performance. Weak metal prices, drought-related energy disruptions, and a decline confidence due to governance concerns kept output expansion at around 0.4 percent in the Southern African powerhouse. Further, the Brexit vote and the normalization of monetary policy in the US eased capital inflows and put the South African Rand under pressure for much of the year, before strong export performance supported a rebound. Growth in other metal and mineral-exporting economies slowed on account of cut backs in investments and production.

The decline in economic prospects in the region were accompanied by an ease in capital flows. FDI, equity flows and cross-border lending all declined. Similarly, sovereign bond issuances declined with only South Africa and Ghana stepping forward to tap international bond markets in 2016. Policy makers in commodity exporting countries responded to the deteriorating terms of trade and weakening currencies by tightening fiscal and monetary policy. Notwithstanding the cuts undertaken, fiscal positions deteriorated with countries recording wider deficits. Central banks tightened monetary policy to slow down currency depreciation and curb inflationary pressures that emerged. However, this curtailed the growth in private sector lending.

Growth was more favorable among agriculture-dependent countries. Growth in Ethiopia and Rwanda in East Africa and Cote d'Ivoire and Senegal in West Africa remained strong on account of public infrastructure spending and firm private consumption. Growth also remained resilient in most CFA franc countries, partly due to the currency peg with the euro. However, growth slowed in Malawi and Uganda due to drought while Burundi and South Sudan were held back by internal conflict.

The modest recovery in commodity prices in late 2016 helped to improve confidence in several SSA countries and is expected to aid a rebound in economic growth in 2017. However, extreme weather, pestilence and policy uncertainty in advance economies present economic tailwinds in 2017. On balance, growth in the SSA region is projected to recover to 2.9 percent in 2017, from 1.5 percent in 2015. Output growth is then expected to accelerate to 3.6 percent and 3.7 percent in 2018 and 2019, on the basis on a firm up in commodity markets.

Figure 1.3: Real GDP Growth for Sub-Saharan Africa (%)



Source: World Bank

Notes: e = estimate; f = forecast.

Table 1.4: Selected Indicators for Sub-Saharan Africa

	2015[e]	2016[f]	2017[f]	2018[f]	2019[f]
Emerging and Developing Economies	3.5	3.4	4.2	4.6	4.7
All SSA GDP growth	3.1	1.5	2.9	3.6	3.7
All SSA GDP growth, excl. South Africa	3.7	1.9	3.5	4.2	4.3
GDP per capita (constant 2010 US$)	0.4	-1.1	0.2	1.0	1.1
Private consumption	2.4	1.5	2.9	3.4	3.4
Public consumption	1.7	2.1	2.7	3.0	3.0
Fixed investment	5.1	3.4	5.4	7.0	7.1
Exports, GNFS	2.2	1.5	2.0	2.6	2.6
Imports, GNFS	1.4	2.3	3.1	3.7	3.8
Net exports, contribution to growth	0.2	-0.3	-0.4	-0.4	-0.4

Source: World Bank

Notes: e = estimate, f = forecast, GNFS = Goods and Nonfactor Services

1.5 Economic Performance in Africa Group 1 Constituency Countries

The economic performance of most economies in Africa Group 1 Constituency (AFG1) eased in 2016. However, only five countries registered growth below the SSA region's average growth rate of 1.5 percent, compared to ten countries in 2015. Growth performance varied widely across the Constituency, reflecting the heterogeneity in the cluster of countries. Economic performance was stronger among East African countries largely dependent on agriculture, compared to metal and mineral exporting countries that faced severe terms of trade shocks. Countries facing fragility and conflict had the lowest performance, with some recording economic contraction. Growth ranged from -6.3 percent to 8.4 percent, compared to -21.1 percent to 9.6 percent range in 2015 (Table 1.5 and Figure 1.4).

For a second consecutive year, Ethiopia, Rwanda, Tanzania and Kenya posted the fastest growth rates in AFG1. However, growth in these countries was lower in 2016 than in 2015. The Ethiopian economy grew on the basis of robust public spending on infrastructure and a pick up in the industrial and service sectors. However, drought conditions and weak global trade chipped away some momentum, slowing overall performance to 8.4 percent in 2016 from 9.6 percent previously. Output expansion eased slightly in Tanzania to 6.9 percent from 7.0 percent, as the Government embarked on a five-year development plan aimed at the transformation of the economy, involving strong infrastructural spending among other things. The aggressive drive to cut graft and public sector waste as well as bridge gaps in human and physical capital is expected to combine with growing investments in gas and mining to further support strong economic performance. In Rwanda, growth remained robust at 6.0 percent, but lower than the rate of 6.9 percent posted in 2015, as activities in mining and manufacturing eased. Agriculture output declined against a backdrop of challenging weather conditions.

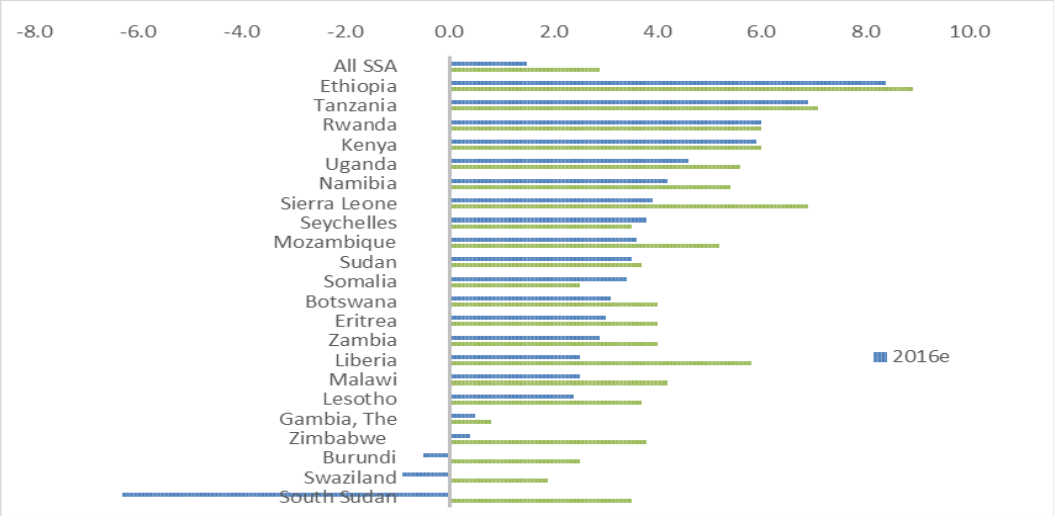
Low metal and mineral prices lowered performance in Zambia, Mozambique and Sudan. In Zimbabwe, currency shortages and drought conditions held down growth to only 0.4 percent. Among, metal and mineral exporters, Sierra Leone stood out by recovering from a contraction of 21.1 percent in 2015 to grow at a rate of 3.9 percent in 2016. This partly reflected growth from a low base and renewed

interests in iron ore mining. In Botswana, growth is estimated to have improved to 2.9 percent in 2016, from -1.7 percent in 2015, due to slight improvements in the mining and water and electricity sectors which offset the impact of a severe drought. Most of these countries are expecting to register a pickup in economic activities as global demand for metals and minerals firms up.

Internal conflicts in South Sudan and Burundi continued to weigh heavily on their economic performance. The GDP in South Sudan is estimated to have contracted due to political conflict, low oil prices and narrow economic buffers. Inflation soared, entering into hyperinflation, while the exchange rate and foreign reserves fell steeply. In Burundi, output contracted by 3.9 percent in 2016, after expanding by 4.7 percent previously, reflecting effects of a withdrawal of budget support, which accounts for about a third of the national budget. The economy is further expected to contract by 0.5 percent in 2017 as adjustments are made to the fiscal spending and levels of domestic financing. Similarly, growth in the Gambia eased to 0.5 percent in 2016, from 4.5 percent in 2015, reflecting election year effects on economic activity.

Economic performance in AFG1 is projected to improve in 2017 with most countries outperforming the regional projection of 2.9 percent. Grow rates are projected to range from 0.8 percent to 8.9 percent in the year.

Figure 1.4: Africa Group 1 Constituency GDP Growth Rates (%)



Source: World Bank

Notes: e = estimates; f = forecast

Table 1.5: Real GDP Growth Rates in Africa Group 1 Constituency (%)

	2015	2016[e]	2017[f]	2018[f]	2019[f]
All Sub-Saharan Africa	**4.5**	**3.0**	**2.5**	**3.9**	**4.4**
Botswana	-0.3	3.1	4.0	4.3	4.3
Burundi	-3.9	-0.5	2.5	3.5	3.5
Eritrea[+]	1.7	3.0	4.0	4.3	4.3
Ethiopia	9.6	8.4	8.9	8.6	8.6
Gambia, The	4.7	0.5	0.8	2.6	2.6
Kenya	5.6	5.9	6.0	6.1	6.1
Lesotho	1.7	2.4	3.7	4.0	4.0
Liberia	0.0	2.5	5.8	5.3	5.3
Malawi	2.8	2.5	4.2	4.5	4.5
Mozambique	6.6	3.6	5.2	6.9	6.9
Namibia	4.5	4.2	5.4	5.5	5.5
Rwanda	6.9	6.0	6.0	7.0	7.0
Seychelles	4.3	3.8	3.5	3.5	3.5
Sierra Leone	-21.1	3.9	6.9	5.9	5.9
Somalia	3.6	3.4	2.5	3.5	3.5
South Sudan[+]	3.4	-6.3	3.5	6.9	7.4
Sudan	4.2	3.5	3.7	3.7	3.7
Swaziland	1.7	-0.9	1.9	3.1	3.1
Tanzania	7.0	6.9	7.1	7.1	7.1
Uganda	5.0	4.6	5.6	6.0	6.0
Zambia	2.8	2.9	4.0	4.2	4.2
Zimbabwe	1.1	0.4	3.8	3.4	3.4

Source: World Bank and IMF

Notes:

+ Based on June 2016 estimates.

1.6 The Medium Term Outlook

Global economy is expected to regain momentum over the medium term as stabilization occurs in commodity markets and private consumption supports growth in both advanced economies and EMDEs. However, downside risks cast a shadow on this outlook, particularly regarding the possibility of prolonged uncertainty about trade policies, tighter global financing costs and financial market disruptions. The global economy is projected to record growth rates of 2.7 percent, from 2.3 percent in 2016, and then stabilize at 2.9 percent in 2018 and 2019.

Growth in advanced economies is expected to moderate to 1.8 percent in 2017 and 2018, and then moderate further to 1.7 percent in 2019. This will largely depend on the performance of the US economy. The US economy is forecast to grow by 1.8 percent in 2017 and 2018, due to strong personal consumption and a pickup in federal spending, particularly on infrastructure.

Growth in EMDEs is projected to pick up as the slowdown in China flattens out and Brazil and Russia progressively recover from recession. The rise in commodity prices will be an important determining factor in this outlook. Performance of EMDEs is, however, vulnerable to a tightening in trade restrictions that could emerge if risks around protectionist policies materialize. Further, the rise in the federal funds rate is likely to induce capital outflows from EMDEs and strength the US dollar to the detriment of external balances, debt service and inflation for EMDEs. These outcomes would present major headwinds for EMDEs that are dependent on export performance and have lower policy buffers. Balancing the upside and downside risks, growth in EMDEs is projected to pick up to 4.2 percent in 2017, then rise further to 4.6 percent and 4.7 percent in 2018 and 2019, respectively.

The medium term outlook of the performance in SSA points to a recovery in economic activity. This notwithstanding, adjustments in the largest economies will make the recovery gradual. While the East African and CFA sub-regions are expected to maintain their momentum, growth in Nigeria, South Africa and Angola is expected rise only to modest levels. Risks to this outlook include stagnation in the upward trend in commodity prices, adverse weather conditions and political and security uncertainties. Against this backdrop, growth in SSA region is projected to nearly double to 2.9 percent in 2017, and then accelerate to around 3.6 percent in 2018 and 2019.

1.7 Progress on Global Development Goals

In 2013, the WBG adopted the twin goals to reduce extreme poverty to three percent by 2030 and to promote shared prosperity of the bottom 40 percent (B40) of the population in each country in a sustainable manner. The first goal is in effect a continuation of the first Millennium Development Goal (MDG1), which aimed to reduce extreme poverty and hunger by half by 2015. In its second goal, the WBG seeks to shift focus from average income growth towards growing inequality in basic living standards.

1.7.1 Extreme Poverty

According to the latest comprehensive compilation of data on the state of global poverty[2], in 2013, 10.7 percent of the world's population or 767 million were poor, living on less than US$ 1.90 a day[3]. The poor comprised the rural, young, poorly educated, mainly employed in the agricultural sector and lived in large households with many children.

The achievement in 2013 was a continuation of the rapid, albeit uneven, progress of the declining trend in the global headcount ratios since 1990, which averaged 1.1 percentage points per year. The decline in 2013 was greater than the average at 1.7 percentage points, representing 114 million fewer poor people, mainly in the EAP and SAR, at 71 million and 37 million respectively.

SSA remains the region with the largest share of the world's poor population. It is host to 388.7 million representing more than 50 percent of the world's poor people (Table 1.6). In SSA, the headcount ratio declined by 1.6 percentage points while the number of poor reduced by 4 million between 2012 and 2013 to place the headcount ratio at 41.0 percent. Not only does SSA host the largest number of the global poor, but the poor in SSA live much further below the US$ 1.90 a day international poverty line. The poverty gap[4] in SSA was 15.9 percent in 2013, larger than the global poverty gap at 3.2 percent. The high poverty gap in SSA underscores the urgency with which efforts should be made to reduce poverty if the WBG goal of eradicating extreme poverty is to be achieved by 2030. There is need for greater focus on the poor below the poverty line, especially those farthest from the poverty line. The pace and profile of poverty in SSA is not commensurate with the level of economic performance that the region has registered in the past two decades. Population growth also partly offset the progress on poverty reduction.

1.7.2 Shared Prosperity and Income Inequality

Shared prosperity, measured as growth in income or consumption of the poorest 40 percent of the population – the bottom 40 (B40) - in a country, improved in 60 of 83 countries for which data is available during the period 2008-2013. This represents 67 percent of the world's population. Further, in 49 countries, the income growth of the B40 exceeded that of the mean and of the top 60 percent. In the 23 countries where incomes of the B40 declined, 15 countries experienced worsening levels of income contraction. In these countries, the living conditions of the B40 deteriorated faster than for the rest of the population.

The SSA region accounted for 23 percent of the population and only 9 countries in the sample in the database. Like all other regions, the average growth of income among the B40 in SSA was positive, at 2.7 percent, ahead of MENA and ECA at 1.8 percent and 1.5 percent, respectively. EAP, LAC and SA had the best average growth performance at rates of 5.0 percent, 4.0 percent, and 3.7 percent, respectively. Notably, the B40 in industrialized countries experienced an average contraction in their incomes at 1.0 percent.

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[2] World Bank. 2016. *Poverty and Shared Prosperity 2016: Taking on inequality*. Washington DC.

[3] Poverty is measured using the US$ 1.90 a day 2011 purchasing power parity (PPP) poverty line.

[4] The poverty gap is expressed as a share of the poverty line and represents the average distance to the poverty line among all the poor people.

Table1.6: World and Regional Poverty Estimates, 2013[1]

Region	Headcount ratio (%)	Poverty Gap (%)	Poor (millions)	Poor (% of total)
East Asia and Pacific	3.5	0.7	71.0	9.3
Europe and Central Asia	2.3	0.5	10.8	1.4
Latin America and Caribbean	5.4	2.6	22.6	4.4
South Asia	15.1	2.8	256.2	33.4
Sub-Saharan Africa	41.0	15.9	388.7	50.7
Total for six regions	12.6	3.8	766.6	99.2
World	10.7	3.2	766.6	100

Source: World Bank

1. Estimates on the Middle East and North Africa are omitted owing to data coverage and quality problems.

Water Project - Lesotho

Fruit and Vegetable Stand - Uganda

Chapter 2

World Bank Group Operations

- IBRD Lending Operations
- IDA Lending Operations
- IFC Operations
- MIGA Operations

Chapter 2

World Bank Group Operations

2.1 Overview

This Chapter covers lending operations of the World Bank Group (WBG), with a primary focus on the African Region. In general, lending operations to member countries have increased significantly during the past few years, reflecting increasing demand for WBG resources.

2.2 IBRD and IDA Operations

Since the beginning of the fiscal Year[5] 2017 (FY17), IBRD and IDA have committed US$14.3 billion, 31 percent lower than the commitments[6] at the same time last year (Table 2.1). Out of this amount, US$ 2.4 billion was committed to the Sub-Saharan Africa (SSA) region indicating a decline of 27 percent from the previous year. The decrease in total commitments was primarily a result of lower Development Policy Financing (DPF) committed during the first six months of FY17 compared to the same period last year. For instance, ECA region's DPF commitments declined from US$3.1 billion in the first six months of FY16 to US$735 million in the corresponding period of FY17, thus halting the steady increase in commitments from both IBRD and IDA that had been observed since FY13. Commitments are projected to rebound in the second half of FY17, boosted by commitments to Fragile and Conflict-affected States (FCS) which are expected to reach around $5.0 billion, or approximately 11 percent of total IBRD and IDA lending in FY17. Beyond FY17, IDA's lending is expected to grow further with the implementation of IDA18. In contrast, the lending trajectory for IBRD is more uncertain pending the completion of the capital increase discussions currently underway.

IBRD and IDA disbursements declined by US$4.1 billion, or 23.6 percent during the first half of FY17, reflecting the trend observed in the trajectory of commitments during the same period (Table 2.2). Only the Middle East and North Africa (MENA) region recorded a positive trend with its disbursements increasing from US$3.1 billion to US$3.4 billion in the same period. SSA disbursements were 21 percent lower than at the same period last year.

Table 2.1: IBRD and IDA Commitments by Region (US$ billion)

Region	First Half FY16	First Half FY17
Sub-Saharan Africa	3.3	2.4
East Asia and Pacific	2.4	1.7
Europe and Central Asia	5.3	3.3
Latin America and Caribbean	3.9	2.0
Middle East and North Africa	4.9	3.7
South Asia	3.2	1.2
Total	**23.0**	**14.3**

Source: World Bank

[5] The fiscal year runs from July to June.

[6] Legal obligation to provide financial products to clients for Board approved projects.

Table 2.2: IBRD and IDA Gross Disbursements[7] by Region (US$ billion)

Region	First Half FY16	First Half FY17
Sub-Saharan Africa	3.9	3.1
East Asia and Pacific	3.9	2.0
Europe and Central Asia	3.5	1.8
Latin America and Caribbean	3.4	2.6
Middle East and North Africa	3.1	3.4
South Asia	2.1	1.7
Total	**19.9**	**14.6**

Source: World Bank

2.3 IBRD Lending Operations

In the first half of FY17, IBRD commitments totaled US$10.6 billion, 38 percent lower than the same period in FY16. As indicated earlier, this was a result of lower DPF commitments compared to the same period last year. However, commitments to SSA moved up by 50 percent during the same period, with little impact on the overall trend, due to its small weight in overall IBRD lending.

IBRD gross disbursements declined during the first half of FY17 from a record high in the same period in FY16 (Table 2.4). IBRD disbursed US$9.7 billion, 31 percent lower than in the first half of FY16, when it disbursed US$13.9 billion. The higher disbursements in the first half of FY16 were driven by large disbursements of budget support operations in Europe and Central Asia (ECA), East Asia and Pacific (EAP) and Latin America and Caribbean (LAC) regions. Notwithstanding the low disbursements in the period under review, the overall FY17 position is expected to improve to US$24 billion, marginally lower than the end FY16 disbursements of US$25.9 billion.

[7] Gross disbursements are total Loans (payments) due to a borrowing country before any deductions such as loan fees.

2.4 IDA Lending Operations

Total IDA commitments dropped from US$5.9 billion in the first half of FY16 to a low of US$3.7 billion in the corresponding period in FY17 (Table 2.5). Commitments are expected to rise dramatically in the second half of FY17 due to a strong pipeline of projects. SSA remains the largest consumer of IDA resources, accounting for more than 50 percent of the IDA envelope. The IDA lending portfolio is projected to reach US$17.2 billion by end of FY17, implying full utilization of IDA17's lending envelope of US$55 billion. With IDA18 Replenishment at US$75 billion, resource inflows to the SSA region, are estimated to increase substantially over the next three fiscal years.

Total IDA gross disbursements fell from US$5.9 billion to US$4.9 billion during the first half of FY17, a 17.0 percent decrease from the corresponding period in FY16. SSA and the South Asia region (SAR) together accounted for 83.0 percent of the total gross disbursements in FY17. During this period, the LAC region had gross disbursements amounting to US$0.1 billion, compared to SSA region's US$2.9 billion, which had the highest disbursements in the period (Table 2.6). IDA disbursements are skewed more towards SSA since most of the region's countries are IDA recipients.

Table 2.3: IBRD Gross Commitments by Region

Region	(US$ billion)		Share (%)	
	First-Half FY16	First -Half FY17	First-Half FY16	First -Half FY17
Sub-Saharan Africa	0.4	0.6	2.3	6.0
East Asia and Pacific	1.4	1.2	8.2	12.0
Europe and Central Asia	5.2	3.1	30.4	29.0
Latin America and Caribbean	3.7	1.8	21.6	17.0
Middle East and North Africa	4.9	3.4	28.7	32.0
South Asia	1.5	0.4	8.8	4.0
Total	17.1	10.6	100	100

Source: World Bank

Table 2.4: IBRD Gross Disbursements by Region

Region	(US$ billion)		Share (%)	
	First-Half FY16	First-Half FY17	First-Half FY16	First-Half FY17
Sub-Saharan Africa	0.6	0.2	4.3	2.0
East Asia and Pacific	3.3	1.2	23.6	16.0
Europe and Central Asia	3.3	1.2	23.6	16.0
Latin America and Caribbean	3.2	2.5	22.9	26.0
Middle East and North Africa	3.1	3.3	22.0	34.0
South Asia	0.4	0.6	3.6	6.0
Total	13.9	9.7	100	100

Source: World Bank

Table 2.5: IDA Commitments by Region

Region	(US$ billion)		Share (%)	
	First-Half FY16	First-Half FY17	First-Half FY16	First-Half FY17
Sub-Saharan Africa	2.9	1.8	49.2	48.7
East Asia and Pacific	1.0	0.5	16.9	13.5
Europe and Central Asia	0.1	0.2	1.7	5.4
Latin America and Caribbean	0.2	0.1	3.4	2.7
Middle East and North Africa	0.0	0.3	0.0	8.1
South Asia	1.7	0.8	28.8	21.6
Total	5.9	3.7	100	100

Source: World Bank

Table 2.6: IDA Gross Disbursements by Region

Region	(US$ billion)		Share (%)	
	First-Half FY16	First-Half FY17	First-Half FY16	First-Half FY17
Sub-Saharan Africa	3.3	2.9	55.9	59.2
East Asia and Pacific	0.6	0.4	10.2	8.2
Europe and Central Asia	0.2	0.2	3.4	4.1
Latin America and Caribbean	0.2	0.1	3.4	2.1
Middle East and North Africa	0.0	0.1	0.0	2.1
South Asia	1.6	1.1	27.1	22.5
Total	5.9	4.9	100	100

Source: World Bank

2.5 IFC Operations

The activities of the International Finance Corporation (IFC) in support of private sector development increased in the first half of FY17. Commitments, approvals and disbursements increased during the first half of FY17 compared to the same period in FY16.

Total commitments increased by 14.8 percent from US$7.0 billion during the first half of FY16 to US$8.2 billion in the corresponding period of FY17 (Table 2.7). Improvements in commitments were recorded in SSA, ECA, MENA, and SA regions. Commitments to SSA nearly doubled to US$1.3 billion from US$0.7 billion.

Approvals[8] during the first half of FY17 increased to US$8.9 billion from US$7.6 billion in the corresponding period of FY16 (Table 2.8). All the regions recorded increases, except the MENA region where approvals decreased from US$1.3 billion to US$0.5 billion. For the SSA region approvals increased to US$0.8 billion from US$0.6 billion.

Total disbursements increased substantially to US$6.4 billion in the first half of FY17 from US$2.1 billion during the first half of FY16 (Table 2.9). Disbursements to the SSA region increased from US$0.2 billion in the first half of FY16 to US$0.7 billion in the first half of FY17. The largest increases in disbursements however were to EAP and ECA, with respective increases from US$0.4 billion and US$0.3 billion in the first half of FY16 to US$1.1 billion and US$1.3 billion in the first half of FY17. Nevertheless, LAC remained the largest recipient at US$1.9 billion.

[8] Authorization by Board/Management to proceed to Commitment in accordance with Official Procedures.

Table 2.7: IFC Commitments by Region

Region	(US$ million)		Share (%)	
	First-Half FY16	First-Half FY17	First-Half FY16	First-Half FY17
Sub-Saharan Africa	668	1,278	10	16
East Asia and Pacific	2,183	1,119	31	14
Europe and Central Asia	1,184	1,401	17	17
Latin America and Caribbean	2,424	2,396	35	29
Middle East and North Africa	248	719	3	9
South Asia	202	699	3	9
World	80	594	1	7
Total	6,989	8,206	100	100

Source: IFC

Notes:

+World Region refers to IFC operations undertaken in more than one region.

Table 2.8: IFC Approvals by Region

Region	(US$ million)		Share (%)	
	First-Half FY16	First-Half FY17	First-Half FY16	First-Half FY17
Sub-Saharan Africa	618	811	8	9
East Asia and Pacific	988	1,205	13	14
Europe and Central Asia	1,445	2,010	19	23
Latin America and Caribbean	2,090	2,834	28	32
Middle East and North Africa	1,282	475	17	5
South Asia	533	547	7	6
World	638	994	8	11
Total	7,594	8,876	100	100

Source: IFC

Table 2.9: IFC Disbursements by Region

Region	(US$ million)		Share (%)	
	First-Half FY16	First-Half FY17	First-Half FY16	First-Half FY17
Sub-Saharan Africa	156	681	7	11
East Asia and Pacific	438	1,139	21	18
Europe and Central Asia	301	1,323	14	21
Latin America and Caribbean	1,058	1,899	50	30
Middle East and North Africa	76	410	4	6
South Asia	13	475	1	7
World	60	468	3	7
Total	2,102	6,396	100	100

Source: IFC

2.6 MIGA Operations

During the first half of FY17, the Multilateral Investment Guarantee Agency (MIGA) supported 11 new projects, compared to seven new projects supported during the corresponding period in FY16. The new gross issuances amounted to US$2.5 billion in the first half of FY17, up from US$2 billion in the similar period of FY16 (Table 2.10).

During the period under review, MIGA's net exposure in SSA decreased, compared to the same period in FY16 (Table 2.11). The number of projects declined from four to three, while the value of the guarantees declined from US$0.9 billion to US$0.3 billion. Commensurately, the share for SSA declined from 44.4 percent to 10.9 percent of guarantees (Table 2.12).

The distribution of MIGA's guarantees by Priority Area is consistent with its Strategy, which aims to increase focus on IDA and FCS countries, as well as climate change mitigation and adaptation. IDA eligible countries accounted for 34.8 percent of the amount in guarantees issued during the first half of FY17, followed by FCS at 17.4 percent (Table 2.13).

Table 2.10: MIGA Operations

	First Half FY16	First Half Y17
Global		
Number of Guarantees Issued	14	19
Number of Projects Supported	8	19
New Projects[1]	7	11
Previously Supported[2]	1	8
Amount of New Issuance, Gross (US$' billion)	2.0	2.5
Gross Outstanding Exposure[3] (US$' billion)	13.0	15.8
Net Outstanding Exposure (US$' billion)	7.1	6.4

Source: MIGA
Notes:
1. Projects receiving MIGA support for the first time (including expansions).
2. Projects supported by MIGA in current fiscal year as well as in previous years.
3. Gross outstanding exposure refers to the maximum aggregate liability. Net outstanding exposure refers to the gross outstanding exposure less ceded exposure.

Table 2.11: MIGA Net Exposure by Region+

Region	First Half FY16			First Half FY17		
	No of projects	Amount US$ M	In % of total	No of projects	Amount US$ M	In % of total
Sub-Saharan Africa	4	907.4	44.4	3	267.4	10.9
East Asia and Pacific	2	1,009.9	49.4	1	406.2	16.6
Europe and Central Asia	1	58.6	2.9	12	1395.1	56.8
Latin America and Caribbean						
Middle East and North Africa				1	215.6	8.8
South Asia	1	68.9	3.4	2	169.8	6.9
Total	8	2,044.8	100	19	2,454.1	100

Source: MIGA
Notes:
+ Numbers represent stock end of the first half in each year.

Table 2.12: MIGA Guarantees in Sub-Saharan Africa – First Half of FY 17

Name of beneficiary Country	No. of Projects	Sector	Guarantee Amount (US$ million)	In % of Total
Africa Group 1 (Total)	1	Infrastructure	29.1	10.9
Zambia	*1*	*Infrastructure*	*29.1*	*10.9*
Other SSA	2	Infrastructure, Oil and Gas	238.3	89.1
Total SSA	3		267.4	100

Source: MIGA.

Table 2.13: MIGA Guarantees by Priority Area – First Half FY17

Priority area[1]	No. of projects supported	Share (%)	Guarantee Amount ($M)	Share (%)
IDA-eligible countries	7	36.8	853.9	34.8
Fragile countries	2	10.5	427.4	17.4
Innovative Projects[2]	1	5.3	248.5	10.1
Climate and Energy Efficiency	2	10.5	244.6	10.0

Source: MIGA

1. Some projects address more than one priority area; as a result, share figures may not add to 100%.
2. Innovative projects include public-private blend financing, state owned enterprises, sub-sovereign guarantees and new industries.

Ebola Survivors – Sierra Leone

Farming in Rambwa LWH Site - Rwanda

Woman Farmer - Uganda

Water Project - Lesotho

Chapter 3

Selected Policy and Strategic Issues

- Update on IDA Replenishment and Implementation
- Update on IFC's New Business Strategy
- Update on the 2015 Shareholding Review
- Update on WBG Climate Change Action Plan Implementation
- Update on Stemming Illicit Financial Flows and Domestic Resource Mobilization
- Update on the Debt Sustainability
- Update on Implementation of the environmental and Social Safeguards Framework
- Improving the Business Model

Chapter 3

Selected Policy and Strategic Issues

3.1 Overview

This Chapter provides updates on selected policy and strategic issues in the World Bank Group (WBG) since October 2016. It is anchored on the progress made in the implementation of some of the building blocks of the *Forward Look* – the main corporate strategy of the WBG towards the twin goals and the 2030 agenda (Box 3.1).

The Chapter covers the efforts undertaken to strengthen client engagement of the WBG, including the strong IDA18 replenishment, the new IFC strategy to foster private sector development as well as actions taken to facilitate the 2015 Shareholding Review. The Chapter also highlights the actions taken to facilitate stronger engagement on climate change, stemming illicit financial flows and Domestic Resource Mobilization (DRM). The internal reforms approved by the Executive Board to improve the business model and delivery mechanism of the WBG, including the update on the implementation of the safeguards framework, are also briefly reported on.

3.2 Update on IDA18 Replenishment and Implementation

3.2.1 Outcome

The IDA18 Replenishment Resolution pledging to provide US$75.0 billion to support 77 low income member countries for the next three years will become effective on July 1, 2017 following approval by the Board of Governors on March 31, 2017. This groundbreaking replenishment forms a core part of the Forward Look by enhancing the financial capacity of the World Bank in its support to low income countries (LICs).

Box 3.1: Forward Look - Roadmap for a Better and Stronger WBG

The Forward Look is the core corporate strategy of the WBG endorsed by shareholders at the 2016 Annual Meetings. It provides a roadmap for fostering a better and stronger WBG. It is a 2x3 strategy; that is, achieving the twin (2) goals with investments in three (3) priority areas, namely sustainable growth, human capital and resilience. This strategy will be delivered through policies, instruments and reforms anchored around the following pillars:

(i) Ensuring adequate financial capacity of IBRD, IDA, IFC and MIGA;

(ii) Assisting all client segments;

(iii) Leading the response on global issues such as climate change, refugees, and pandemics;

(iv) Mobilizing private financing and fostering DRM by catalyzing IFC and MIGA resources, and leveraging scarce public Official Development Assistance (ODA); and

(v) Improving the WBG business model through the Agile Bank pilot, the people strategy, new safeguards and procurement policies.

3.2.2 Overarching Theme and Special Themes

The overarching theme "Towards 2030: investing in growth, resilience and opportunity" will be supported by solid policy commitments on five special themes (Box 3.2).

Box 3.2: Special Themes for IDA18

Economic Transformation and Jobs – to support the transition to higher value production and improved productivity. This should capture opportunities for jobs, private sector development, and economic diversification;

Fragility, Conflict and Violence (FCV) – to recognize that these are among the most pressing global policy issues, and that fragility, including refugee crises and internally displaced people, presents major obstacles to development with impacts at the country, regional and global levels;

Climate Resilient Development – to acknowledge the growing impact of climate change on development, especially in small island states, and the importance of building country resilience;

Gender Equality – to recognize the significant progress that has been made in closing gender gaps, especially in education, while acknowledging the unfinished agenda, especially in economic empowerment;

Governance and Institution Building – to recognize the crosscutting importance of good governance and strong institutions in sustainably attaining the development goals. This will foster strong DRM and capacity building.

3.2.3 Resource Envelope and Uses

The IDA18 resource package of US$75.0 billion will be primarily financed through a blend of donor contributions, repayments by client countries and funds raised from debt markets. This financing package offers exceptional value for money, with every $1.00 in partner contributions generating about $3.00 in spending authority. This package is a hybrid targeted to deliver various programs on both concessional and non-concessional terms to the different client segments as shown in Table 3.1. Some of these programs are a continuation from previous IDA replenishments, but with strong enhancements to the resource size and policy focus, while others are new and offer innovations to the ways of engaging with countries. The objectives, access criteria, financing envelope and eligible countries for the respective facilities of the IDA18 package (both concessional and non-concessional terms) are summarized in Annex 1.

Table 3.1: IDA18 Resource Package (US$ Billion)[9]

	Facility type	IDA17	IDA18
1	**Concessional**	**45.0**	**63.4**
	Core IDA	**39.1**	**52.3**
	FCS/FCV	7.2	14.4
	o/w Risk Mitigation		0.6
	o/w Syria		1.0
	Non-FCS		37.9
	Non-Core IDA	**5.9**	**11.1**
	Crises Response Window		3.0
	Regional Program		7.0
	o/w Refugee sub-window		2.0
	Arrears Clearance		1.1
2	**Non-Concessional**	**7.1**	**9.0**
	Transition Support		2.8
	Scale-up Facility		6.2
3	**Private Sector Window**		**2.5**
	Total	**52.1**	**75.0**

Source: World Bank

The core IDA18 envelope reflects a doubling of support to countries facing FCV. It will support countries facing the risk of falling into fragility by seeking to address the root causes. IDA's support for crisis response, pandemic preparedness, small states and regional integration are considerably enhanced. To shore up IDA's capacity to support the varied needs, challenges and capacity among its clients, a new refugees sub-window has been set up to provide

[9] FCS refers to Fragile and Conflict-affected States.

funding for host governments that are struggling to meet the needs of both refugees and their host communities. Also, a Scale Up Facility (SUF), aimed at enhancing support for high quality transformative projects in countries that can absorb non-concessional financing, has been continued from IDA17 into IDA18. To help mobilize private capital and scale up private sector development, particularly in fragile situations, a new Private Sector Window (PSW) has been introduced to be managed by both IFC and MIGA.

3.2.4 Implementation Issues

The size and scope of the IDA18 package raises high expectations about the impact and results in the fight against poverty in LICs. This calls for increased attention to implementation both at the country level and in the WBG. Within the WBG, substantial focus has been drawn to provide staffing and budgetary support to countries, especially FCV countries, in order to help build client absorptive capacity. This special attention aims to facilitate high quality in project preparation and pipeline development, supervision, monitoring and evaluation. In this respect, on January 26, 2017, the Executive Board approved an enhanced Project Preparation Facility to support pipeline development, by raising the commitment authority from US$290 million to US$750 million. Further, to foster increased face-time, the World Bank committed to deploy 150 additional staff in FCV countries.

A series of outreach events to countries is planned to promote awareness of the facilities and the ambitions for results throughout the IDA18 implementation period. These would target government officials, private investors and regional economic communities across the respective developing regions.

Expectations are that countries should take ownership of the IDA18 implementation. In this regard, special effort would be needed to ensure that IDA18 resources are directed towards transformative projects. These could be single country projects or regional projects that are bankable and with strong potential for leveraging private investments. Under IDA18, special attention can also be garnered by countries through the use of the Crisis Response Window (CRW) in situations of serious crises related to climate change, health related emergencies or economic shocks.

It is expected that the commitments made by partners, combined with IDA's innovations to crowd-in the private sector and raise funds from capital markets and strong client implementation, will transform the development trajectory of the world's poorest countries.

3.3 Update on IFC's New Business Strategy, IFC 3.0

In pursuit of the Forward Look and the billions-to-trillions agenda, the Executive Board agreed with IFC Management on a new business strategy, IFC 3.0, in December 2016. This new strategy evolves from IFC's traditional approaches, namely IFC 1.0 and IFC 2.0, which have been focused on following clients into markets and supporting them with funding and Advisory Services and Analytics (ASA). IFC 3.0 will leverage the experience, global reach and core competences of the organization (Table 3.2).

Table: 3.2 The Evolving IFC Strategy		
IFC 1.0	IFC 2.0	IFC 3.0
• Advanced role of private sector an economic agent • Developed IFC expertise in emerging markets by investing with foreign private sector investors and nascent local clients • Attracted Foreign Direct Investment in emerging markets • Created a syndication program to bring commercial banks to our countries of operations • Introduced equity as an engine for financial sustainability and higher impact	• Expanded IFC global footprint • Deepened IFC's private sector expertise by investing local companies and banks and with local private investors • Used local presence as landing platform for South-South investment • Created financial vehicles to mobilize institutional investors • Provided Advisory Services to private clients and governments, moved from donor-driven model to business lines • Expanded operations in FCS and IDA • Introduced parallel loans through a Master Cooperation Agreement • Launched Asset Management Company (AMC) to mobilize institutional investors on a wholesale basis • Used blended finance in a selective way to de-risk several sectors (e.g. climate, SMEs, agribusiness • Managed Co-Lending Portfolio Program (MCPP) for Infrastructure	New Platforms: • Cascade to work systematically across WBG; • De-risking Projects through blended finance; • Upstreaming Support for project development; • Innovation to create market New Tools: • Private Sector Diagnostics; • Sector Deep Dives; • Ex-Ante Impact Framework New Instruments: • IDA Private Sector Window; • Creating Markets Advisory Window; • MCPP for Infrastructure New Organization: • Economics and Private Sector Development; • Blended Finance and Partnership; • New Business, Portfolio, Risk; • Strategy and resource Management

Source: IFC

3.3.1 Objectives

IFC seeks to move from supporting isolated investments to a broader approach that supports its portfolio at large. This means that IFC will seek to engage more in upstream activities, such as ASA and technical support, which have the potential to yield downstream transactions. It aims to stimulate more investment activity in developing countries, especially in LICs and FCV countries. It will support clients in riskier markets and proactively work in these countries to create, deepen and expand such markets. This new focus on LICs and FCV countries is predicated on the fact that while private capital inflows to developing countries have grown over the past two decades, and now exceed ODA, they are concentrated in upper-middle income countries.

3.3.2 Pillars of IFC 3.0

The new strategy has two pillars: (i) creating markets, and (ii) mobilizing private capital. In creating markets, IFC will work with WBG partners to shape the conditions for market-based development outcomes. These will include enabling market-based solutions such as structural reforms, upstream support to develop bankable projects and risk mitigation tools to attract private investment and innovations. Indirectly, IFC will foster supplier linkages and

investments in enablers such as infrastructure and financial services.

To mobilize private capital, IFC will also work on expanding its mobilization role and redefine development finance by creating more platforms for funding and broadening its pool of co-investors. IFC's success in attracting new and larger numbers of private investors in LICs and FCV countries will be crucial in advancing the billions-to-trillions agenda and support these economies with the cost of delivering the SDGs.

3.3.3 Platforms

To support delivery of the Strategy under these two pillars, the following four new platforms will be utilized by IFC:

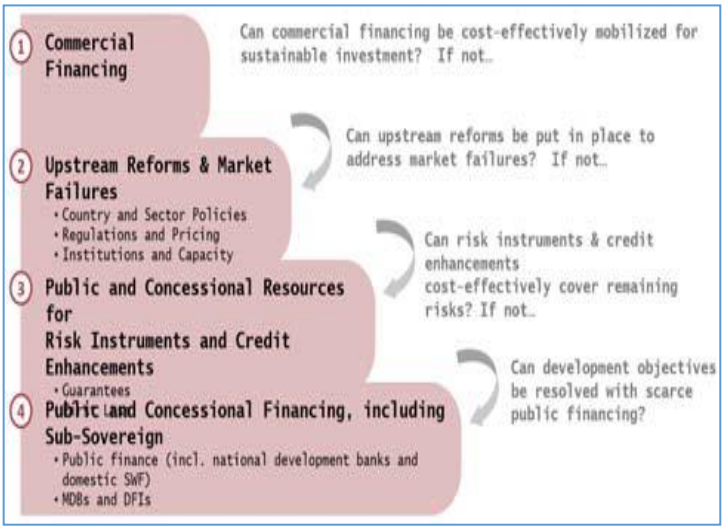
(i) Partnering systematically across the WBG to
(ii) work with governments in prioritizing private sector solutions, where possible, through a new development financing architecture called 'the cascade' (Box 3.3).
(iii) De-risking market opportunities by introducing new mechanisms such as partial risk guarantees, first-loss structures, blended finance and a local currency facility, to help unlock new sources of funds from regulated institutional investors.
(iv) Enhanced upstream support by engaging IFC's ASA and Investment Services to support project development and work with government and private sector clients as they seek to convert development challenges into investable opportunities.
(v) Innovation – IFC will exploit the advances in technology and innovations to alter the dynamics of various sectors and create new markets. Examples include support to off-grid solar power in Africa and digital finance created through the mobile phone revolution.

3.3.4 New Facilities

In addition to funding from IFC's own capital, IFC 3.0 will be supported by new facilities.

Private Sector Window - The US$2.5 billion PSW created under IDA18 will help mitigate investment risk and enhance the commercial viability of projects in eligible IDA countries, especially FCS.

Box 3.3: Cascade Approach



Creating Market Advisory Window (CMAW) - To effectively expand the pipeline of bankable projects, IFC Advisory Services has been repositioned to support the market creation process. Through this Window, IFC will effectively expand the pipeline of bankable private sector projects to mobilize private investments.

The Managed Co-Lending Portfolio Program for Infrastructure (MCPP-Infra) - The MCPP-Infra, a first of its kind, aims to significantly scale up IFC's debt mobilization from private institutional

investors. It is expected to raise US$5.0 billion of funding over the next one to three years. MCPP-Infra addresses capacity constraints of institutional investors by leveraging IFC's ability to originate and manage a portfolio of bankable infrastructure projects. It offers institutional investors sufficient scale and diversification in their investment through syndication of different private sector infrastructure debt vehicles created and supported by IFC.

3.3.5 New Tools and Organizational Structure

The implementation of IFC 3.0 will benefit from stronger private sector diagnostics which will help IFC identify where and how to engage. Also, at the industry level, a series of sector level deep dives will be undertaken to guide IFC in customizing specific sectoral investments and ASA engagements that will unlock investment at the scale needed to help client countries achieve their development goals. Finally, an ex-ante Development Impact Framework will drive project selectivity based on their expected development impact.

A new organizational structure was established in January 2017 to enhance IFC's ability to deliver this Strategy. The new structure increases WBG-wide collaboration on upstream reform, leverages IDA PSW, and boosts portfolio and risk management, especially given the risk inherent in newer untested markets.

3.4 Update on the 2015 Shareholding Review

The 2010 reforms on Voice and Participation of Developing and Transition Countries (DTCs) created a platform for an increase in DTCs' voting power and realignment of shareholding in IBRD in line with economic weight. The 2015 Review sets out shareholding review principles that were endorsed by Governors at the Lima Annual Meetings. These principles included among other things, the protection of the smallest poor member countries from dilution of their voting power. These are going to be implemented through a roadmap that would conclude by 2018. In line with this roadmap, the 2015 review involves two main phases, with the first being an agreement on a Dynamic Formula and the second being agreement on allocations under a General Capital Increase (GCI) and a Selective Capital Increase (SCI).

In 2016, Governors endorsed the Dynamic Formula to be used as a tool in the Shareholding Review. The Dynamic Formula as an anchor in the review process was designed to be simple and transparent, using economic weight (GDP) and the WBG's development mission (IDA contributions) as the key determining variables. The output of the Formula gives guidance for adjustments in the next phase of the Shareholding Review.

The Executive Directors' Progress Report at the 2017 Spring Meetings updates Governors on the technical preparations and emerging policy issues. At a technical level, the Shareholding Simulation Model (SSM) has been developed. This model offers options to adjust Basic Votes and introduces limits on the dilution of voting powers. The protection of the smallest poor countries is built into the model, and will be reflected in the results of the simulations.

Outstanding policy issues include decisions on the size and allocation rules for the GCI. Other decision issues include reaching consensus on the parameters for Limits on Dilution, Principle

-Based Forbearance, Basic Votes and Smallest Poor Protection (SPP).

A combination of shares issued under the GCI and SCI were used in the 2010 Shareholding Review to address under representation of most DTCs. To protect the voting power of the Africa Group 1 Constituency and its members against excessive dilution, there will be need for an increase in allocation of their Basic Votes.

3.5 Update on WBG Climate Change Action Plan Implementation

The WBG adopted a Climate Change Action Plan (CCAP) in 2016 to accelerate climate adaptation and mitigation. It aims to increase the climate-related share of the WBG lending from 21.0 percent (the average of 2011-2015) to 28.0 percent by 2020. The CCAP is designed to integrate development with climate action and is aligned with the WBG's Forward Look.

The climate-related share of WBG lending has increased from 15 percent in FY15 to 18.0 percent in FY16 and further to 20.0 percent as projected for FY17 year end. To accelerate the pace towards attaining the 28 percent target by 2020, the WBG will be focusing its operations on the following actions:

(i) Building client demand by supporting implementation of countries' own Nationally Determined Contributions (NDCs). It will assist in integrating NDCs and climate considerations through Country Partnership Frameworks (CPFs) and Systematic Country Diagnostics (SCD);

(ii) Supporting increased climate focus in projects design by increasing co-benefits from Development Policy Operations (DPOs) and Performance based instruments offered by the WBG; and

(iii) Aligning incentives and clarifying roles to mainstream climate change into the WBG work program.

The main commitments and targets in the CCAP and IDA18 to scale up climate actions across sectors in client countries are outlined below.

CCAP Commitments:

- Increase the climate-related share of WBG lending from 21 to 28 percent by 2020, with financing including co-financing of potentially US$429.0 billion per year.
- Mobilize at least US$13.0 billion a year in external private sector investment through IFC operations by 2020.
- Support new enabling policies and institutional change in client countries, integrating the development and climate agendas with a focus on the poorest and most vulnerable.
- De-risking renewable energy investments, adding 30 gigawatts renewable energy generation and enabling 10 gigawatts of renewable energy integration into grids over the next five years.
- Mobilize US$25.0 billion in commercial financing for clean energy with support from IFC and MIGA.
- Develop 100 percent of agriculture operations to be climate-smart by 2019. Support REDD+[10] strategies in 50+ countries

[10] Reducing emissions from deforestation and forest degradation (REDD+). This agreement was first negotiated under the United Nations Framework Convention on Climate Change (UNFCCC) since 2005, with the objective of mitigating climate change through reducing net emissions of greenhouse gases through enhanced forest management in developing countries.

- by 2020 and prepare Country Forestry Notes in 20+ countries.
- Increase the share of transport portfolio that contributes to adaptation to US$52 billion in lending over FY16-20.
- Scale up adaptive social protection schemes for additional 50 million people by 2020.
- "Green" the financial sector across banking, pensions, and capital markets both globally and nationally.
- Screen all projects for climate risks and account for the social cost of carbon emission in project evaluations.

IDA18 Climate Commitments:

- All IDA SCDs and CPFs to incorporate climate and disaster risk considerations and opportunities and reflect the NDCs.
- All IDA operations continue to be screened for climate change and disaster risks and integrate resilience measures
- Support at least 10 countries, based on demand, to translate their NDCs into specific policies and investment plans and start to integrate these into national budget and planning ng processes
- Increase use of DPOs that support climate co-benefits actions.
- Report annually on private finance mobilized for climate and continue to report on overall climate finance together with other MDBs.
- Apply greenhouse gas (GHG) accounting and shadow carbon price for all operations in significant sectors and apply a revised guidance note on discount rates.
- Develop at least 10 climate-smart agriculture investment plans and 10 programmatic forest policy notes
- Support the addition of 5 gigawatts in renewable energy generation; and
- Develop Investment Prospectus in seven additional countries with low electricity access.

Specific sector actions since adoption of the CCAP include:

Energy Sector – WBG is supporting countries scale up renewable energy penetration through direct investments in solar Photo-voltaic Panels, hydro and geothermal technologies and by crowding in private investments to enhance grid integration and stability and improve transmission and distribution. It also supports policy and institutional reforms. In the first two years of the CCAP, by the end of FY17, WBG will have facilitated 10 gigawatts of renewables out of a target of 30 gigawatts through 2020 and will have mobilized $6.5 billion in commercial finance towards the 2020 target of $25 billion. Special focus is on supporting low carbon access to energy in Africa.

Agriculture Sector – the WBG targets 100 percent of agricultural operations to be climate-smart by 2019. It targets to develop climate smart agriculture profiles and investment plans in 40 countries by 2020. In FY16, 50 percent of World Bank agricultural operations had both mitigation and adaptation co-benefits.

Forestry Sector – Forty countries have signed grant agreements to receive technical assistance to prepare REDD+ strategy. Integrated land programs are underway in key forest countries, including 14 countries receiving investment finance from the Forest Investment program and 22 with emission reduction programs planned.

Transport Sector – Adaptation benefits from transport projects will account for US$800 million in FY16-17, on target to deliver US$2.0 billion over FY16-20. A flagship report on resilient Transport in Small Island Developing States (SIDs) will be launched at the 23rd Conference of the Parties scheduled (COP23).

Delivering on the CCAP targets and commitments is conditional on sustained WBG lending volumes and concessional finance. IDA18 provides a good building block for climate action in IDA countries. However, the size and pace of carbon intensive development in MICs calls for large and growing sources of finance for mitigation action. A strong increase in the IBRD and IFC capital bases are therefore critical to implement the climate commitments.

3.6 Update on Stemming Illicit Financial Flows and Domestic Resource Mobilization

The fast changing pace in the area of international taxations and the relative decline in ODA, continue to drive sentiment and ambitions toward the realization of the billions-to-trillions agenda. Against this background, the WBG has formulated a response to concerns around Illicit Financial Flows (IFFs) and Domestic Resource Mobilization (DRM).

The WBG, which has a long record of experience in supporting governance and institution building in developing countries, is in the process of retooling its package of instruments to provide solutions at the global and country levels. Work is ongoing to integrate the various existing work streams in IFFs and DRM. The WBG is also making efforts to strengthen partnerships with other international and regional organizations.

To address IFFs, the WBG seeks to achieve progress along three related dimensions:

(i) Creating a methodology to distinguish countries on the basis of vulnerability to IFFs;
(ii) Conducting country-specific studies that explore how to monitor and measure specific aspects of IFFs; and
(iii) Developing a multi-jurisdiction risk assessment tool.

The WBG is also working to integrate considerations on IFFs into the SCD and CPF. Progress has been made in designing the Rapid Assessment Tool (RAT), which would help identify vulnerabilities in client countries. This assessment tool is expected to shed light on a country's exposure to IFFs in the context of its development challenges. The WBG is also developing a work program that shall involve providing support to capacity building in various areas including in Anti-Money Laundering (AML), building and implementing regulations in financial disclosure and supporting the formulation of appropriate legislation.

In the promotion of DRM, the WBG has clustered its work into three strategic areas reflected in the following goals:

(i) Establish mutually recognized roles of International Organizations (IOs);
(ii) Strengthen the legitimacy of the international tax system; and
(iii) Achieve minimum tax revenue-to-GDP ratio of 15 percent in all countries.

To support implementation a dedicated team of tax experts, the *Global Tax Team*, has been established to drive this agenda as the focal

point on issues of taxation within the WBG. At the international level, the WBG is collaborating with the United Nations (UN), Organization of Economic Cooperation and Development (OECD) and IMF through a joint unit, *Platform for Collaboration on Tax*, an outcome of the 2015 Addis Tax Initiative.

Two basic tools are in design. One to assess the strength of tax administration, the Tax Administration Diagnostic Tool (TADAT), and another to assess the performance of tax policies in developing countries, the Tax Policy Assessment Framework (TPAF). The WBG is also advancing its work on tax policy and administration of international transactions, particularly in the areas of aggressive tax planning, tax avoidance, transfer pricing and mis-invoicing. This work is supported through the Tax Transparency Trust Fund, which aims at supporting developing countries in the evolving field of Base Erosion and Profit Shifting (BEPS)[11]. Besides developing these tools, the WBG is scaling up its analytical work on taxation through research and the production of handbooks for practitioners in addressing tax compliance. Much of the work program in the design of the responses on DRM and IFFs is expected to be completed in 2018.

3.7 Update on the Debt Sustainability Framework

A joint WBG and IMF team is currently reviewing the Debt Sustainability Framework (DSF) for LICs, this being the third review since its inception in 2005. At the World Bank, Management presented the revised DSF to the Board on February 15, 2017, addressing three main issues namely, (i) shortcomings of the old framework, (ii) changes introduced in the new framework, and (iii) implications of the new Debt Sustainability Analysis (DSA) on LICs.

3.7.1 Shortcomings of the old framework

The debt situation facing many LICs has changed significantly since 2005 when the DSF was initially adopted. There is now a track record on which an evaluation of past performance can be done, particularly on how well the DSF has performed in predicting situations of debt distress. The Board determine that the DSF has generally performed well. However, in some cases, the Framework failed to predict situations of debt distress when a country was already in a difficult situation.

3.7.2 Changes introduced in the new framework

The definition of debt distress in the revised model has been improved by, among other things, allowing for the capture of pertinent events occurring in a shorter time period than the previous requirement of at least three years. In addition, the new model has incorporated newly available debt distress databases. The current review has used more than ten years of historical data, while the underlying model has been updated and re-estimated. Liquidity and solvency ratios have been reviewed and improved. Before the review, liquidity ratios often portrayed the debt position of some countries as healthy when actually they were in a distress situation.

Following statistical tests, which included debt-to-GDP and debt-to-exports indicators, the debt-to-revenue indicator was found to have no

[11]Base erosion and profit shifting (BEPS) refers to tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations. Under the leadership of the OECD, an international effort is underway to minimize losses in revenue through such strategies.

impact at all on predicting a debt distress situation. Consequently, it has been dropped in the revised model.

The underlying model has also been modified by adding three new control variables to the Country Policies and Institution Assessment (CPIA) and GDP. The new variables are world growth, reserves coverage (or import cover) and remittances. These five variables form a composite indicator where CPIA carries the largest weight followed by the reserves indicator. This model was found to be more robust and better at predicting a looming debt crisis. It also sent out fewer false alarms.

3.7.3 Implications of the new DSA on Low-Income Countries

While the revised DSF is considered more flexible, it will result in the tightening of liquidity and solvency thresholds. This implies that borrowings by LICs will be restricted. For many LICs, especially those dealing with fragility, this will be further aggravated by predominance of the CPIA in the composite indicator. The Board is expected to adopt the revised DSF in June, 2017.

3.8 Update on Implementation of the Environmental and Social Safeguards Framework (ESSF)

The safeguard policies, a cornerstone of the World Bank's work on investment project finance (IPF), serves to identify and minimize harm to people and the environment. In addition, the Framework will promote capacity and institution building and country ownership, and enhance efficiency for both the Borrower and the World Bank. It consolidates the World Bank's environmental and social policies and harmonizes them with those of other development institutions. The Framework makes important advances in areas such as transparency, accountability, nondiscrimination, and public participation. This new comprehensive framework approved by the Board in August 2016 is expected to take effect in 2018.

Box 3.4: The ESSF Standards

ESS1: Assessment and Management of Environmental and Social Risks and Impacts
ESS2: Labor and Working Conditions
ESS3: Resource Efficiency and Pollution Prevention and Management
ESS4: Community Health and Safety
ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
ESS7: Indigenous Peoples
ESS8: Cultural Heritage
ESS9: Financial Intermediaries
ESS10: Information Disclosure and Stakeholder Engagement

The roll out of the ESSF includes preparation of Guidance Notes for each of the ten new Standards (Box 3.4) and the subject-specific areas. It also includes training of senior Bank staff on how to deliver the ESSF-related capacity building program to Borrowers and World Bank staff. It is expected that training for Borrowers and World Bank staff will commence in the second half of 2017 and be carried out over the following 12-18 months. In addition, work has begun to integrate information systems across teams working on environment and social due diligence, to ensure that management and the teams are able to better monitor project-related risks. The WBG will provide an update on the roll-out to delegations and civil society at the 2017 Spring Meetings.

3.9 Improving the Business Model

Within the context of the Forward Look, the WBG has committed to improve its operational efficiency by transforming itself into an Agile Bank. It aims at improving the efficiency of its internal processes and systems, so as to respond rapidly and timely to client demands. Coordinated and complementary efforts are being made to simplify and modernize administrative processes and systems.

In this regard, *Agile Pilots* have been established in World Bank Operations in selected sectors and regions. This is a multipronged approach that, focuses on process efficiencies, performance feedback, practice manager workload, effective management, and culture and behaviors. Once 30 percent of staff have been covered by the agile pilots, the Bank will have reached a tipping point at which a bank-wide scaling up of appropriate processes would take place. As at end of the first half of FY17, it was at 10 percent.

Fish Shell Collection - Mozambique

Chapter 4

Constituency Issues

- Highlights of Statutory Constituency Meeting
- Update on WBG Reengagement with Republic of Zimbabwe, State of Eritrea, Republic of The Sudan and Federal Republic of Somalia
- African Caucus

Chapter 4

Constituency Issues

4.1 Overview

This Chapter provides highlights of the thirteenth Statutory Meeting of the Africa Group 1 Constituency (AFG1) and the African Consultative Group (ACG) Meeting, which were held on the margins of the 2016 Annual Meetings of the World Bank Group (WBG) and the International Monetary Fund (IMF). The Chapter also highlights progress in the reengagement of the WBG with Constituency countries where active collaboration had been suspended.

4.2 Highlights of the Thirteenth Statutory Meeting of the Africa Group 1 Constituency

At the 13th Statutory Meeting of the Constituency, held on October 6, 2016 at the World Bank Group Headquarters in Washington DC, USA, Governors conducted the two-yearly regular transition of the respective positions in the governance structure of the Constituency. These include the appointment of the new Chairman, Vice Chairman, Constituency Panel Members, Constituency Development Committee Member, Alternate and Associate Members, and IDA Borrowers' Representatives for the period November 2016 - October 2018. Governors also elected the Executive Director and endorsed the Alternate Executive Director for the same period. The countries serving in the respective positions are accordingly listed on the Rotation Schedules in the Revised Rules, Guidelines and Procedures (2016 Edition) in Annex 7-10.

To maintain effectiveness of the Constituency going forward, the following key issues were highlighted by the outgoing Chairman for the Constituency to keep track of:

1. Voice and representation. Noting that the ongoing shareholding review would seriously impact the voting power of constituency member countries and SSA in general, sustained advocacy by African Governors would be required to ensure that previous gains are not reversed and that the small and poor countries are protected in successive shareholding reviews. Also important was continued advocacy for more representation through the placement of accomplished Africans in Management ranks.
2. Resource flow to Constituency countries. The Constituency must follow up on the Forward Look proposals in support of a stronger and better bank and strive to maximize the full deployment of WBG resources to Constituency countries, both financial and non-financial.
3. African Consultative Group (ACG) and the African Caucus. These engagements with the Senior Management provide an important accountability exercise. Governors must continue the focus on the transformative energy infrastructure, agricultural productivity, industrialization, arrears clearance and debt relief for the remaining Heavily Indebted Poor Countries (HIPC) and non-HIPC initiative beneficiaries, and diversity. Full support to Botswana, was encouraged, as they take up the Chairmanship of the African Caucus in 2016-2017.
4. Constituency Meetings and preparations for the Development Committee meeting.

5. Encouraged the Constituency to continue to effectively engage in voicing countries' interests at these fora that set the agenda for the Constituency and the World Bank Group.
6. Constituency Rules. To maintain the cohesiveness of such a multi-country constituency, it is important to always strive to improve on the effectiveness of interactions and representation, and to continue to ensure that the Revised Constituency Rules, Guidelines and Procedures are implemented in line with the core guiding principles to foster equal opportunity to all member countries.

Governors took note of the achievements by the Office under Mr. Peter Larose as Executive Director for the period November 2014 – October 2016, including continued advocacy for IFC and MIGA to make more investments in the private sector in Constituency countries, the resolution of debt/arrears clearance for Eritrea, Somalia, Sudan, and Zimbabwe, and the development of WBG Strategies for engagement with MICs and SIDS. Governors appreciated the role of the Office in the formulation of the Small States Roadmap and the Environmental Social Safeguard Policies Framework, the setting up of the Pandemic Emergency Facility, as well as the increased recruitment of African staff. Further, Governors noted the Executive Director's visits to Constituency countries; hosting of heritage days for Constituency countries and a working lunch for the countries' Ambassadors in Washington DC; and the strong articulation for a strong IDA18 replenishment. Governors were also delighted to learn that the Office was one of the most respected Executive Directors offices in the WBG as evidenced by the 2016 Award from CIVICUS – the World Alliance for Citizen Partnership for the most innovative web page.

4.3 Update on WBG Reengagement with the State of Eritrea, Federal Republic of Somalia, Republic of the Sudan and the Republic of Zimbabwe

4.3.1 State of Eritrea

Limited progress was made in the reengagement of the WBG with the State of Eritrea since the Round Table Meeting held during the 2016 Spring Meetings of the WBG and IMF. As a result, the State of Eritrea will not be able to access its notional allocation under IDA 17. However, funds have been allocated under IDA 18 which the State of Eritrea could access should they meet the eligibility requirements.

According to the roadmap agreed during the 2016 Spring Meetings of the WBG and IMF, the initial step towards reengagement would be to conduct a Debt Sustainability Analysis (DSA) at a mutually agreed time with the Government of the State of Eritrea. The results of the DSA would be useful in determining IDA's future support to Eritrea. Thereafter, the WBG would prepare, jointly with the authorities, a new Bank Strategy for Eritrea, in the form of a Country Engagement Note (CEN) covering one or two years. In addition, following the DSA, Eritrea would then proceed to clear its arrears.

4.3.2 Federal Republic of Somalia

The reconstruction of the Somali State and the positive political developments have proceeded with great strides, providing an impetus to the reengagement process. The effort to restore key economic and financial institutions is ongoing, while progress has also been made on capacity development and the completion of important structural reforms since the approval of the IMF Staff-Monitored Program (SMP) in May, 2016 covering the period May 2016 to

April 2017. Performance under the SMP through the end of September 2016 was broadly satisfactory. Six out of seven quantitative benchmarks and all the structural benchmarks for the first review were met.

During the 2017 Spring Meetings of the WBG and IMF, the Somali delegation will engage in a roundtable meeting with donors and development partners to agree and endorse a roadmap on multisector reforms and assistance. Based on the current state of affairs, the following technical areas are likely to emerge as important priorities:

- Accelerated progress in increasing domestic revenue mobilization at Federal and State level, including towards resource and revenue sharing agreements
- Accelerated implementation of core Public Financial Management reforms
- Financial sector reform with improvements in supervision and, oversight and performance of both the remittances and commercial sector banking.
- Currency reform, including policy measures to pave the way for effective monetary and exchange rate policy over time;
- Filling remaining data gaps to allow full macro-economic surveillance.

The meeting will be co-chaired by the World Bank, IMF and the UK's Department for International Development (DfID). This will culminate with a donors' conference planned for May 2017 in London, which is expected to firm up the roadmap to full IFI reengagement.

4.3.3. Republic of The Sudan

Not much progress has been made in the process of reengagement of the WBG with the Republic of The Sudan since the roundtable held in the margins of the 2016 Spring Meetings of the WBG and IMF. Consequently, the country will not able to access its notional allocation of IDA 17 and the set aside funds under the arrears clearance window. However, the Sudan could benefit from the IDA 18 arrears clearance set aside. The Office of the Executive Director together with the office of the Vice President of the Africa Region plan to hold a Technical Round Table meeting on debt relief for the Republic of the Sudan in the margins of the 2017 Spring Meetings WBG and IMF. The objective of the meeting is to prepare authorities for future debt relief under Paris Club terms.

4.3.4. Republic of Zimbabwe

In a bid to move the process of reengagement with the International Financial Institutions (IFIs) forward, Zimbabwe settled its overdue financial obligations to the Poverty Reduction and Growth Trust (PRGT) of the IMF amounting to SDR 78.3 million (about US$107.9 million) on October 20, 2016. Subsequently, the IMF Executive Board, effective November 14, 2016, approved the removal of the remedial measures that had been put in place since June 13, 2002, on account of the country's overdue financial obligations to the PRGT. Although Zimbabwe is current on all its financial obligations to the IMF, it cannot yet draw resources from this institution until arrears to the other IFIs have been cleared. The clearance of arrears with the World Bank and the African Development Bank amounting to more than US$1.6 billion, would be an important consideration for moving forward on the reengagement with Zimbabwe. The Zimbabwe Government plans to clear arrears to these two institutions during the first half of 2017.

4.4 African Caucus Update

Under the Chairmanship of His Excellency Mr. Abdoulaye Bio-Tchane, State Minister of the Republic of Benin responsible for Planning and Development, the Governors of the African Caucus held a meeting with the President of the WBG, Dr. Jim Kim on the margins of the 2016 Annual Meetings of Governors of the IMF and WBG. They presented him with their 2016 Memorandum in which they focused on the need for support from the Bretton Woods institutions for their countries to address shocks and increase resilience, boost growth and foster economic transformation. They also called for the promotion of a more balanced quota system through which there would be fair representation of countries and increased voice for African countries. They also called for more flexibility in the DSA.

During the Meeting, the Governors expressed their commitment to work with Management to ensure a robust IDA 18 replenishment and welcomed the proposed financial package. They called upon Management to lead on the efforts to tackle illicit financial flows (IFF), including helping African countries develop capacity. Governors underscored the need for wide consultations during the review of the DSA framework. They particularly noted with concern the restrictions placed on access to funding, and looked forward to a more flexible framework that would maximize the crowding in of essential investment. The Governors appreciated the progress made towards achieving the targets on diversity and inclusion and welcomed the planned recruitment drive in Africa. They urged Management to ensure that Africans were placed in the higher levels of Management within the WBG.

In response, the President acknowledged the Governors' support for his appointment to a second term. He also appreciated their support for a more robust IDA replenishment. He acknowledged that the success of the WBG would be gauged by the achievement of the twin goals in Africa. He therefore, expressed his strong commitment to development in Africa. He informed the Governors that the WBG had increased resource flows to Africa and was developing new instruments to meet the diverse needs of the client countries. These would include blended finance, a combination of policy advice and finance from the Bank with advisory, investment, and equity instruments from IFC, as well as risk insurance from MIGA. He also informed the Governors that the WBG would focus on infrastructure, in collaboration with the private sector, citing the "Scaling Solar" initiative which would provide power at relatively low rates. With regards to diversity and inclusion, the President reported that although the target of 12.5 percent of staff from Africa and the Caribbean had been achieved, Management was committed to continue to work and ensure that Africans are appointed into senior management positions. He underscored the importance of racial, cultural, and gender diversity for the success of any institution.

Management informed the Governors that the approach to IFF encompassed various elements including; tax evasion, money laundering, and Extractive Industries Transparency Initiative (EITI). Management underscored the need for Governors to identify their requirements and areas of support from the WBG. They also informed the Governors that the DSA framework review process would take into account the debt thresholds, the role of the CPIA in measuring the thresholds, and also look at some of the indicators. IFC Management assured the

Governors that the new strategy – IFC 3.0 would be more focused on IDA and FCV countries, and would emphasize de-risking and creating opportunities and markets. Governors were also informed that SSA was the largest recipient of MIGA's guarantees in FY 16 and that MIGA would establish the first office in the region before the end of 2016.

The Governors of the African Caucus are scheduled to meet in Gaborone, under the Chairmanship of the Republic of Botswana during the period August 2-4, 2017. The theme for the 2017 African Caucus is "Economic Transformation and Job Creation", with Agriculture and Diversification as sub-topics. African Governors would discuss this topic extensively with regional and global experts. The outcome would form the basis of issues to raise with the Managing Director of the IMF and the President of the WBG during 2017 Annual Meetings.

Before the meeting in Gaborone, the ACG will meet with the IMF Managing Director and WBG President in the margins of the 2017 Spring Meetings of WBG and IMF in Washington D.C., on April 23, 2017. The ACG at the World Bank will discuss agriculture and agribusiness. In these discussions, Governors intend to raise the issue of famine affecting several African countries including Somalia, South Sudan and Nigeria. They will also discuss Climate Change and Water Management in the Nile region and the Sahel, and IDA 18 Replenishment and Investments in Africa's Agriculture, Agribusiness and Job creation.

At the IMF, the ACG will focus their discussion with the Managing Director on the following topic: Resetting Policy Priorities to Address Africa's Growth and Development Challenges. The discussion with highlight two sub-themes: (i) Addressing Infrastructure Gaps i.e. public investment in infrastructure such as energy, roads, Information and Communications Technology (ICT), water and sanitation, public investment management (PIMA) and implications for debt sustainability and the Debt Sustainability Framework (DSF), and (ii) Fostering Inclusive Growth i.e. through enhancing job creation and financial deepening and inclusion.

Al Nnuhoud Livestock Market, North Kordofan - Sudan

Walvis Bay - Namibia

Cook Stoves in Kenya

Farmers Harvesting – Kisumu, Kenya

Annexes

- The IDA 18 Resource Package
- Summary Status of Shares Subscription for Africa Group 1 Constituency
- Country Policies and Institution Assessment (CPIA)
- Development Committee Member Statement
- Development Committee Communiqué
- WBG President's Response to African Governors
- Rotation Schedule for Constituency Chairperson
- Rotation Schedule for the Constituency Panel
- Rotation Schedule for Constituency Representation on the Development Committee
- Rotation Schedule for Executive Director and Alternate Executive Director

Annexes

Annex 1: The IDA18 Resource Package

	Facility Type	Definition/Objective	Access criteria	Financing package	Beneficiary/ Eligible Countries
1	**CONCESSIONAL**				
A	**Core IDA**				
i	Performance Based Allocation (PBA)	This is the first level un-earmarked allocation to all IDA eligible clients in IDA18	Based on need and Performance guided by a base allocation plus a performance component determined by the PBA	Total of US$52.3 million to both FCV and non FCV countries (Base allocation increased from SDR4 million per year to minimum SDR15 million per year that is SRD45 million for IDA18 for all countries)	All IDA borrowing countries (Eritrea, Somalia, Sudan that may only get access after arrears clearance)
ii	Exceptional Regimes				
a	Post-Conflict Regime	Support to countries in post conflict situation or recovery to be discontinued in IDA 18 with only one exception.	n/a	n/a	South Sudan
b	Turn Around Regime (TAR)	This was introduced in IDA17 and will continue in IDA18. It is meant to assist a country's development when it reaches a critical juncture that provides opportunity for building stability and resilience to accelerate its transition out of fragility	Based on a Country Eligibility Note. A country must be assessed to show commitment to a major change in policy environment following (i) a prolonged period of disengagement from IDA lending; or (ii) a major shift in a country's policy priorities addressing critical elements of fragility.	Core IDA18 allocation (base + PBA) plus TAR performance index allocation	Current beneficiaries are Guinea Bissau and Madagascar. Additional beneficiaries would be determined on a case by case basis
c	Risk Mitigation Regime	This is a new exceptional regime introduced in IDA18. It aims to provide enhanced support to non-FCV countries that present increasing risks of falling into fragility, conflict and/or violence situation and where the governments are committed to addressing those risks.	Based on a Risk and Resilience Assessment to determine countries with the highest risk of falling into FCV and with opportunity to address it and limited other financing.	Core IDA 18 allocation (Base+PBA) plus total of US$0.6 billion to be divided among eligible countries. On average this would be an additional resource of up to 1/3 of regular PBA with a cap of US$0.3 billion per country per replenishment.	Initial IDA18 beneficiaries include Guinea, Nepal, Niger, Tajikistan. An assessment at IDA18 MTR would determine any additional country.
B	**Non-core IDA**				
i	Regional Program	IDA18 will significantly scale up support to foster regional integration and infrastructure financing among countries.	Two or more countries, one could be an FCV	Resources increased to $5.0 billion	All IDA eligible countries
ii	Sub-window for Refugees	This is sub-window under the regional program with dedicated funding for host governments struggling to meet the needs of both refugees and their host communities.	Countries with number of UNHCR-registered refugees, including persons in refugee-like situation of at least 25,000 or at least 0.1 percent of population.	US$ 2.0 billion added to the Regional window	All IDA eligible countries

iii	Crisis Response Window	An enhanced window to support response to economic shocks, natural disasters and health emergencies.	Must affect more than one country.	US$3.0 billion	All IDA eligible countries
iv	Arrears Clearance	Non-servicing of IDA debt obligations for a period exceeding 60 days that results in a non-accrual status	Country must follow a systematic approach to debt clearance	US$1.1 billion	Eritrea, Somalia, Sudan
2	**NON-CONCESSIONAL**				
i	Scale up Facility	Continued from IDA 17 to provide financing to blend and IDA only countries on IBRD terms to enhance support for high-quality transformational single country or regional operation with strong developmental impact.	Country must have low or moderate level of debt distress. Countries with high level of debt distress excluded. Also infrastructure with climate co-benefit.	US$6.2 billion	Blend and IDA only countries
ii	Transition Support	Support to help ensure a smooth and successful transition from IDA to IBRD and avoid reverse graduation or the graduation cliff.	Have maintained per capita GDP above the IDA operational cut-off of US$1215 for more than 3 years consecutively and creditworthy to have access to lending on non-concessional terms.	Total of $2.8 billion for the three countries with each allocated 2/3 of IDA17 level of resources.	Bolivia, Sri Lanka, Vietnam
iii	Catastrophe Deferred Drawdown Option (CAT-DDO) to IDA countries	This is a contingent financing mechanism that is extended to IDA-only countries to support crisis preparedness and response to shocks related to natural disaster and /or health-related emergencies.	Declaration of a state of emergency related to natural disaster/ and or health related emergency. Also appropriate macroeconomic program, existence of disaster risk management program.	Up to US$250 million or 0.5 percent of GDP, whichever is lower. Clients with limits below US20 million can request CAT-DDO up to maximum US$20 million. Can be through core IDA(PBA), undisbursed balance, and or SUF.	All IDA eligible clients
3	**PRIVATE SECTOR WINDOW**			Total US$2.5 billion of IDA capital will be used to leverage private investments	
i	Risk mitigation facility	Aims to expand private investment in IDA-only countries with a focus on IDA eligible FCS through enhanced IFC and MIGA engagements	Project based guarantees without sovereign indemnity for infrastructure	$800m - $1bn	All IDA eligible countries, in particular FCS.
ii	MIGA Guarantee Facility		project based guarantees with shared first-loss and risk participation via MIGA.	$500m	
iii	Local Currency Facility		IFC loans denominated in local currency. shared first-loss	$300-$500	
iv	Blended Finance Facility		blending PSW with IFC investment to fund SME, agribusiness, manufacturing etc	$400-800	

Source: http://ida.worldbank.org/financing/replenishments/ida18-replenishment

Annex 2: Summary Status of Shares Subscription for Africa Group 1 Constituency as at March 31, 2017

Member	IBRD Selective Capital Increase					IBRD General Capital Increase				
	Allocated	Subscribed	Outstanding	% Subscribed	USD Paid-in (6%)	Allocated a/	Subscribed	Outstanding	% Subscribed	USD Paid-in (6%)
BOTSWANA					-	164	0	164	0.00	1,187,048.40
BURUNDI	107	107	0	100.00	-	220	220	0	100.00	1,592,382.00
ERITREA	77	0	77	Shares Released	-	179	0	179	0.00	1,295,619.90
ETHIOPIA	182	182	0	100.00	1,317,334.20	310	0	310	0.00	2,243,811.00
GAMBIA, THE	70	70	0	100.00	-	164	0	164	0.00	1,187,048.40
KENYA	250	250	0	100.00	-	724	0	724	0.00	5,240,384.40
LESOTHO	83	83	0	100.00	-	199	199	0	100.00	1,440,381.90
LIBERIA	74	0	74	Shares Released	-	143	0	143	0.00	1,035,048.30
MALAWI	148	148	0	100.00	-	332	0	332	0.00	2,403,049.20
MOZAMBIQUE	121	121	0	100.00	-	281	0	281	0.00	2,033,906.10
NAMIBIA					-	407	0	407	0.00	2,945,906.70
RWANDA	139	139	0	100.00	-	317	0	317	0.00	2,294,477.70
SEYCHELLES					-	70	0	70	0.00	506,667.00
SIERRA LEONE	105	105	0	100.00	-	220	0	220	0.00	1,592,382.00
SOMALIA	80	80	0	100.00	-	169	0	169	0.00	1,223,238.90
SOUTH SUDAN					-	384	0	384	0.00	2,779,430.40
SUDAN	720	720	0	100.00	5,211,432.00	419	0	419	0.00	3,032,763.90
SWAZILAND	59	59	0	100.00	-	133	0	133	0.00	962,667.30
TANZANIA	176	0	176	Shares Released	-	393	0	393	0.00	2,844,573.30
UGANDA	115	115	0	100.00	832,381.50	196	106	90	54.08	1,418,667.60
ZAMBIA	250	250	0	100.00	-	818	0	818	0.00	5,920,765.80
ZIMBABWE	250	250	0	100.00	-	955	0	955	0.00	6,912,385.50

Source: World Bank

Annex 3: Country Policies and Institution Assessment (CPIA) Economic Management Cluster Average

Country	2012	2013	2014	2015
Botswana*	..	..	..	..
Burundi	3.3	3.3	3.3	2.8
Eritrea	1.5	1.3	1.3	1.3
Ethiopia	3.5	3.5	3.5	3.5
Gambia, The	3.3	3.0	2.7	2.2
Kenya	4.5	4.5	4.3	4.3
Lesotho	3.7	3.7	3.3	3.2
Liberia	3.5	3.5	3.5	3.5
Malawi	3.0	3.0	3.0	2.8
Mozambique	4.5	4.2	4.2	3.8
Namibia*	..	..	..	..
Rwanda	3.8	3.8	4.0	4.0
Seychelles*	..	..	..	..
Sierra Leone	3.5	3.5	3.5	3.5
Somalia+	..	..	..	..
South Sudan	1.8	1.8	1.8	1.5
Sudan	2.2	2.2	2.3	2.3
Swaziland*	..	..	..	..
Tanzania	4.2	4.0	4.0	4.0
Uganda	4.2	4.2	4.2	4.2
Zambia	3.7	3.5	3.5	3.0
Zimbabwe	2.0	2.0	2.3	2.7

Source: World Bank – World Development Indicators

Note:

1 - Low; 6 - High

* - denotes IBRD Countries for which there is no CPIA.

+ - country was not assessed.

Annex 4: Development Committee Member Statement – October 2016

Statement by
Hon. Matia Kasaija
Minister of Finance, Planning and Economic Development
Republic of Uganda
For Africa Group 1 Constituency
94th Meeting of the Development Committee
October 8, 2016
Washington, D.C.

1. Introduction

After a decade and half of robust economic growth, Sub-Saharan Africa's (SSA) economies have slowed down, as the region's economic growth has on average decelerated, and is projected at 2.5 percent in 2016 – the lowest rate in 17 years. Our countries continue to face severe headwinds, which include lower commodity prices; weaker trade volumes; climate change, including El Nino-induced droughts and floods; and internal conflict in some countries. These headwinds counter our efforts to sustain progress in our pursuit of economic and social development, including attaining the Sustainable Development Goals (SDG), ultimately putting our hard won economic gains at risk. In spite of that, our countries remain resolute and continue their efforts to be true to the emerging narratives of 'Africa Rising' and 'Aspiring Africa.' As such, we reaffirm our determination and intensify our efforts to reduce extreme poverty and promote shared prosperity in line with the World Bank Group's (WBG's) twin goals, through policies that preserve macroeconomic stability, promote inclusive growth and create employment opportunities, particularly for the youth and women. These efforts will require enhanced collaboration with our development partners, including the WBG, in terms of both financial and technical assistance. It is against this background that we welcome the 'Forward Look' exercise that recognizes the evolving development landscape and the need for the WBG to remain fit-for-purpose to all its clients.

2. Forward Look

We endorse the vision of the 'Forward Look,' as we focus on achieving the SDGs in the midst of lingering and emerging challenges. We welcome its focus on the poorest countries that most need support, including those specifically affected by fragility, conflict and violence. The 'Forward Look' should ensure that the WBG is fit for purpose. We agree that continued in-depth evaluation and regular adjustments to policies, practices and staff incentives would be important to make the WBG, less bureaucratic, more efficient and sustainably effective. We also agree with the complementary measures to ensure that the WBG's financial capacity is significantly strengthened and that funding support, through enhanced concessional financing facilities, are strategically deployed to meet the multifaceted needs of its clients, and targeted to areas of the world that needs most of such support. We are pleased to note that this approach would include appropriate mechanisms to address the challenges of Middle Income Countries (MICs), Small States, Sub-national clients and State-Owned Enterprises (SOEs) as well as to more effectively engage with the private sector. In this regard, while we appreciate the recently produced paper, captioned 'WBG Engagement with Small States: Taking Stock,' much more needs to be done in terms of specific strategy and targeted operations to address the unique needs of Africa's Small States. We urge the WBG to take the necessary actions as a commitment to this cause. Focus should also be placed on the needs of Africa's MICs in achieving the WBG's twin goals, accessing capital for development and for withstanding external shocks. To support the realization of the vision, therefore, we call for a robust IDA18 Replenishment, adequate capital base and enhanced instruments, products and services of IBRD, IFC and MIGA.

3. The 2015 Shareholding Review

We welcome the proposed Dynamic Formula, which represents an important milestone towards the completion of the 2015 Shareholding Review, and endorse the package of commitments contained therein. We appreciate that the Dynamic Formula aims to ensure a more transparent, objective and systematic approach to share allocation during future shareholding reviews. However, when the formula is applied to our Constituency countries, in all the scenarios of the 'Calculated Shareholding', we note that there is a serious dilution of our

countries' shareholdings. It is, therefore, evident that without complementary measures, the Dynamic Formula will not meet the fundamental objectives of the 2015 Shareholding Review, which are to increase both the diversity within the WBG and voting power of developing countries over time, and to protect the shareholding of the smallest and poorest countries. Meeting these objectives in the next phase of the review will be important for the legitimacy, credibility and effectiveness of the WBG. In line with the 2009 Istanbul Principles, and in the spirit of SDG10.6 target, we endorse the proposals to address the shortcoming of the Dynamic Formula through Basic Votes and issuance of Selective Capital Increases (SCIs). We also call for additional measures, including placing caps on dilution, and commitment on forbearance. The outcome of the review should therefore not reduce the voting power of Developing and Transition Countries (DTCs). We are looking forward to the fulfilment of these commitments

4. IDA18 Replenishment

We look forward to a successful and robust IDA18 Replenishment in December 2016. We consider this replenishment as the first opportunity for donor partners to make concrete their commitment to match the ambitions of the 2030 Agenda for the Low Income Countries (LICs). In this regard, we welcome and support the innovative approaches to increase IDA financing, which effectively makes use of its balance sheet. We welcome the proposed doubling of funding to foster increased engagement in Fragile and Conflict-Affected States (FCSs), scale up financing for climate change and related natural disasters, which continue to increase in frequency, intensity and duration. We also consider appropriate the special themes for IDA18 relating to economic transformation, job creation, and private sector development, gender mainstreaming, and strengthen governance and institutions building. The proposed instruments such as the Risk Mitigation Regime, Regional Window with a Set Aside for Refugees, Catastrophic Risk Deferred Drawdown Options for IDA clients and the IFC-MIGA Private Sector Window are welcome as they would offer a paradigm shift in the IDA delivery toolkit. We, however, expect that support for internally displaced peoples, would be incorporated in one of the crisis response instruments proposed. We welcome the proposed support to recent graduates and IDA18 graduating countries, through the Transition Support and call on IBRD to take on a much more formidable role in the overall graduation process going forward. We call for sustained cooperative synergies between IBRD, IFC and IDA, including a principle-based approach to net income transfers from IBRD to IDA.

5. WBG Environmental and Social Safeguard Framework (ESSF)

We note the new Environmental and Social Safeguards Framework (ESSF), which has emerged from an elaborate consultative process, including with members of our Constituency. We particularly appreciate the basic features of the Framework that recognize our countries' distinct values and cultures, as well as the national laws and Constitutions. In the preliminary phase of its implementation, we urge the WBG to work closely with national authorities, in preparing country specific plans to capture countries' sensitivities. We also urge the WBG to put in place an effective capacity building program that aims to address borrowers' capacity bottlenecks, while enhancing the use of their own frameworks. At the same time, we urge the WBG to work on guidance notes to help staff and borrowers, in the interpretation and implementation of these standards. In this regard, efforts should be made to ensure that any additional and unintended costs to borrowers are averted.

6. Migration and Development

We note the proposed WBG's role in the global agenda on migration and development, and welcome the four areas in which the WBG will contribute to addressing this global challenge. We support the mainstreaming of migration and its operationalization through the Country Partnership Framework (CPF) and the Systematic Country Diagnostics (SCD). We welcome the diagnostics on the drivers of migration, as well as the analysis of

benefits and risks for countries of origin and destination. Knowledge and data services will be particularly pertinent for many of our countries to improve the frequency and quality of data for overall macroeconomic management. It will also be important for evidence based policy formulation and management of the benefits and mitigation of risks of migration.

7. Other Recurring Development Issues

a. Debt Relief: We have been following with keen interest the efforts being made with respect to the re-engagement with the Republic of Zimbabwe, Federal Republic of Somalia, Republic of Sudan, and the State of Eritrea. However, we are concerned that without concerted efforts to fast track the process, there is little prospect for any of these countries to reengage within the IDA17 window. Consequently, we reiterate our call on the WBG to take the lead in rallying development partners to provide urgent debt relief to these countries, including the use of the arrears clearance provisions in the current IDA 17 cycle.

b. Diversity and Inclusion: We welcome the progress made through recruitment missions to Africa and the continued efforts to recruit SSA nationals through the Young Professional Program. However, this progress on diversity and inclusion remains slow, particularly at the IFC and MIGA, and the WBG as a whole is yet to meet the target related to staff from SSA. We, therefore, reiterate our call for greater African representation both at the technical and managerial levels across all entities of the WBG.

c. The World Bank Group Global Crisis Response Platform: We welcome the WBG Global Crisis Response Platform. We welcome also the enhancements to all existing instruments and the new initiatives to strengthen the WBG's crisis response, recovery and reconstruction capacity. The Pandemic Emergency Facility (PEF) to help IDA countries respond to severe disease outbreak with pandemic potential is also welcome. We urge the WBG to support the strengthening of countries' capacity for prevention, preparedness, response, and recovery, noting their central role in effective crisis response. We further encourage institutional coherence and international coordination with other partners to avoid red-tape and bolster the speed of response, as well as develop and share knowledge on response mechanisms.

d. Illicit Financial Flows (IFF): We welcome the WBG's position paper on addressing illicit financial flows. We call on the WBG to expeditiously roll out and mainstream a robust implementation plan to assist countries build systems and technical capacity to track and stop leakages resulting from illicit financial flows.

8. Conclusion

Growth in African countries has recently slowed down, due to internal and external shocks. However, we believe that the region's medium-term prospects remain favorable, given the promising underlying drivers of growth, especially investments in infrastructure, favorable demographics and the improving business environment. In this regard, we reaffirm our commitment towards promoting conducive macroeconomic policies, structural transformation and economic diversification, so as to strengthen our countries' resilience to emerging shocks and boost growth aimed ultimately at reducing extreme poverty and promoting shared prosperity. Against this backdrop, we reiterate our support for the proposals of the 'Forward Look' as well as the package of commitments in the Report on Dynamic Formula. We look forward to the introduction of innovative instruments that will support our efforts towards the realization of Africa's structural transformation and economic development.

Annex 5: Development Committee Communiqué – October 2016

DEVELOPMENT COMMITTEE
JOINT MINISTERIAL COMMITTEE
OF THE
BOARDS OF GOVERNORS OF THE BANK AND THE FUND
ON THE
TRANSFER OF REAL RESOURCES TO DEVELOPING COUNTRIES

The Development Committee met today, October 8, 2016 in Washington, D.C.

2. Global economic growth remains sluggish in 2016, with only a modest pick-up expected in 2017. Demand has remained soft despite highly stimulative monetary policies, foreign direct investment to developing countries has decreased, commodity exporters are adjusting to declines in exports, and wider geopolitical and economic uncertainties are weighing on confidence. We call on the World Bank Group (WBG) and the International Monetary Fund (IMF) to work jointly with countries to enhance synergy among monetary, fiscal and structural reform policies, stimulate growth, create jobs, and strengthen the gains from multilateralism for all.

3. We share a vision of the WBG as a premier development institution: it plays a key role in advancing policies essential for sustainable growth, poverty reduction, and economic transformation; leads on global agendas; and helps ensure that the benefits of globalization are widely shared. During the next 15 years, the development landscape will face critical shifts, including climate change; natural disasters; pandemics; fragility, conflict and violence; migration and forced displacement; urbanization; and demographic changes. Meeting these challenges, and rising to the ambition of the Twin Goals, the Sustainable Development Goals (SDGs) and the COP21 Agreement, will require a better, stronger, and more agile WBG. This task will also require deeper engagement and collaboration with international financial institutions and global partners, additional private funds, the ability to harness technological change and increased country capacity to raise domestic resources. In this regard, we welcome the report to Governors on the Forward Look: A Vision for the WBG in 2030.

4. We value the commitment to a more efficient and agile WBG that follows a risk-based approach, upholds standards, exploits synergies across its institutions, and has a culture that supports these shifts. Resources should be strategically deployed to meet global and client needs and targeted to areas of the world that most need funding and have least access to capital, with a tailored value proposition to the full range of clients. The WBG should strengthen the knowledge agenda, including through enhanced monitoring, learning and evaluation frameworks and South-South flows and help enhance countries' crisis preparedness, prevention and response frameworks. We expect a progress update on the Forward Look with clear results indicators at the 2017 Spring Meetings.

5. The private sector is essential to creating jobs and delivering higher living standards. Public policies that improve governance and regulation, make markets more competitive, and increase openness and predictability are prerequisites to higher investment and better development outcomes. We urge the WBG to take a Group-wide approach to help create markets, particularly in the most challenging environments, and to mobilize private resources, including through guarantees, especially for quality infrastructure, and for small and medium enterprises. Bringing together the joint capabilities of all WBG institutions is crucial to mobilizing finance for development and delivering global public goods. We encourage the WBG to expand its strong collaboration with other multilateral development banks (MDBs), in line with their recent declaration on infrastructure. We welcome the Global Infrastructure Connectivity Alliance, announced in September 2016.

6. Mobilizing domestic resources and addressing illicit financial activities will be vital to unlocking finance for development: we urge the WBG and IMF to foster policies and transparent institutions that advance these efforts and improve public expenditure management. We applaud the WBG support to the Stolen Asset Recovery Initiative. We welcome the progress that the IMF and WBG have made in reviewing the Debt Sustainability Framework for Low-Income Countries. We stress the important role that technology and the private sector can play in achieving the Universal Financial Access 2020 goal.

7. An ambitious IDA18 replenishment is key for delivering the 2030 agenda. We advocate for a strong IDA18 replenishment, with a broadened donor base. We welcome the innovative financing and policy package, including the proposal to enable IDA, which has recently received milestone triple-A ratings, to tap into capital markets to complement its resources. We urge the WBG to ensure a smooth transition as countries graduate from IDA. We also welcome the enhanced Crisis Response Window and the proposal to scale up private sector activities, including an IFC and MIGA Private Sector Window.

8. Large movements of people constitute a shared, long-term challenge for countries at all levels of development. More than half the world's poor live in countries affected by fragility, conflict, and violence (FCV), where IDA support is particularly important. We welcome proposals to double financial resources in these countries and to support, through tailored efforts to their specific needs, refugees and the communities that host them. The WBG and the IMF should help tackle drivers of fragility, by improving investment climates, strengthening local governance, rebuilding state institutions, broadening access to finance, and fostering conflict prevention and resilience. The WBG should increase resources allocated to these efforts, enhance its capacity to work in these environments, expand its work on forced displacement and migration and work closely with humanitarian partners.

9. We welcome the Global Crisis Response Platform, announced at the Leaders' Summit on Refugees in September 2016, and urge its rapid implementation. We expect it to provide scaled up, systematic, and better coordinated support to address crises, including those arising from forced displacement, natural disasters and pandemics. The Global Concessional Financing Facility, the IDA Crisis Response Window, and the proposed sub-regional window for refugees in IDA18 will be important for this effort. As part of the Platform, we also welcome the launch of the Pandemic Emergency Financing Facility and look forward to its early start-up. It will, together with upgraded efforts towards universal health coverage, fill a critical gap in health financing architecture.

10. We look forward to implementation of the WBG Climate Change Action Plan and support countries' nationally determined contributions under the COP21 agreement. We urge the WBG to continue to focus on building resilience while expanding insurance schemes and increasing investments in climate-smart land use, green infrastructure, and sustainable cities. Small states are disproportionately affected by natural disasters, including rising sea levels and extreme weather events. We ask the WBG and IMF to continue supporting efforts to facilitate these countries' access to climate finance for adaptation, mitigation and improved disaster risk management.

11. Women still lag behind in most measures of economic opportunity, undermining national and global growth prospects. The ambitions enshrined in the Twin Goals and the SDGs cannot be realized unless countries make significant progress in closing gender gaps in key sectors. We strongly support the continued implementation of the WBG 2015 Gender Strategy and the progress in diversifying WBG staff.

12. We welcome the approval of the Bank's new Environmental and Social Framework, which reflects the most extensive consultations ever conducted by the WBG. The standards expand protections for people and the environment in Bank-financed investment projects and are part of a far-reaching effort by the WBG to improve

development outcomes. We now ask the Bank to focus on effective implementation, ensure appropriate financial and human resources to build staff and client capacity, establish a robust accountability framework, and provide hands-on support where needed.

13. As part of the Voice reform, we remain committed to the Roadmap for implementation of the Shareholding Review that was agreed at the 2015 Annual Meetings. We thank Executive Directors for completing their work on a dynamic formula that reflects the evolution of the global economy and contributions to the WBG's mission. We look forward to the next stage of discussions, based on agreed shareholding principles, formula guidance, and the package of commitments in the Report to Governors on the Dynamic Formula.

14. We also look forward to considering options to strengthen the financial position of the WBG institutions. We aim to conclude these discussions no later than the 2017 Annual Meetings in line with the Roadmap endorsed in Lima.

15. We thank Mr. Bambang Brodjonegoro for his valuable leadership as Chairman of the Development Committee, and welcome his successor, Ms. Sri Mulyani Indrawati, Minister of Finance of Indonesia, as its first female Chair. We congratulate Dr. Kim for his reappointment as President of the World Bank Group for a second term.

16. The next meeting of the Development Committee is scheduled for April 22, 2017.

Annex 6: WBG President's Response to 2016 Memorandum of African Governors

Memorandum to the African Governors in
Reply to the
2016 Memorandum of African Governors
to the Heads of the Bretton Woods Institutions

Thank you for the 2016 Memorandum of African Governors to the Heads of the Bretton Woods Institutions. This response addresses issues raised in the Memorandum concerning World Bank Group (WBG) support to Africa's development.

I. World Bank Group Support to Africa

I am pleased to indicate that WBG FY16 IDA delivery to Sub-Saharan Africa was $8.7 billion. In addition, we provided $669 million in IBRD lending, bringing our combined IDA and IBRD delivery to $9.37 billion. We also provided $3.37 billion of IBRD for North Africa. During FYI6, IFC committed $3.17 billion in new long-term financing and mobilizations in Sub-Saharan Africa and provided advice to governments and private investors in projects worth $63 million in 37 countries. IFC further committed $370 million to North African countries. Finally, MIGA provided $1.76 billion of new guarantees in Sub-Saharan Africa in FYI6, amounting to 42 percent of total global new guarantee issuance. For FY17 we are on track to deliver $9.4 billion in IDA to Sub-Saharan Africa and $1 billion of IBRD.

II. Boosting Growth and Fostering Economic Transformation

Economic transformation and inclusive growth is at the heart of all of our support to the continent. The decline in commodity prices highlights the imperative of diversification. It is for this reason that we are scaling up support to infrastructure, especially energy, and to agriculture and agribusiness. Given that diversification also requires an educated and skilled workforce, we are focusing on improving the quality of primary and secondary education and expanding our assistance to STEM-science, technology, engineering and mathematics. While we continue to support these efforts to overcome foundational development barriers, we are also deepening our policy dialogue with countries to help them achieve difficult second generation reforms needed to build on and sustain progress.

In IDA 18, the overall theme for the replenishment period FYI8-FY20 is *Towards 2030 – Investing in Growth, Resilience and Opportunity.IDAl8* also introduces important new policy commitments on fragility, conflict and violence (FCV), climate change, gender, governance and institutions, and jobs and economic transformation, as a foundation for inclusive growth and stability. The theme of jobs and economic transformation enables a comprehensive effort at targeting the constraints to creating more, better and inclusive jobs with a strong package of commitments. This includes new approaches to operations, new financial instruments, enhanced analytics, and new tools for the evaluation and measurement of jobs impact.

The Private Sector Window (PSW) that will be launched as part of the IDA18 package is one of these policy commitments and a key platform for supporting the jobs and economic transformation special theme's objective of stimulating creation of productive jobs and economic opportunity for men and women. Support from the PSW aims to crowd-in private capital, with the ultimate goals of fostering pioneering investments that demonstrate the viability of business and encourage private sector-led transformation in IDA countries and FCS. The PSW will be complemented and informed by the other policy commitments under the jobs and economic transformation special theme and supported by IDA's long-standing sector engagement that improves the business environment.

Optimizing Tax Revenue

I welcome your emphasis on mobilizing domestic resources to finance development and on optimizing tax revenues. The WBG is expanding its portfolio of tax projects in African countries in response to demand, and is collaborating closely with the IMF. A major component of the IMF-WBG tax policy partnership is development of an innovative tax policy assessment framework to diagnose, benchmark, and set a reform path for tax policy issues facing developing countries. We are helping countries put in place tax policies that are adapted to country-specific fiscal architecture, tax culture, institutional setting, and capacity. We believe that tax revenue should be at least 15 percent of GDP, because below this level of taxation it is difficult for countries to finance basic state services, such as road construction, healthcare, and public safety.

The focus of WBG tax programs is on taxing better not taxing more. We are working with several countries to improve equity through tax policies and administration, and to avoid the major pitfalls of tax incentives. The cost of tax incentives are non-trivial in many countries, making up roughly a quarter to a third of tax revenues. However, data shows that tax incentives are often not necessary and that many are not well-targeted, benefiting companies that do not need them. Our technical assistance helps government to weigh the costs and benefits of each tax incentive.

We are also building strong partnerships for delivering on the tax agenda. This includes collaboration with the IMF, OECD, and UN on the Platform for Collaboration on Tax, dedicated to better supporting countries' efforts to strengthen tax systems and to help guide development partners in their commitments to increase assistance to tax reform. We are supporting deepened policy dialogue on cross-country experiences and emerging tax policy issues in developing countries. We will also help to increase their voice in the global debate on international tax rules and transfer pricing and harmful tax competition, among others. While most of our tax programs are country-specific, the WBG is also working with ECOWAS, ATAF, EU, OECD and WAEMU to support ECOWAS countries in strengthening transfer pricing regimes, including models for transfer pricing of primary and secondary legislation, practical guidance for administrators, interest deductibility rules and transfer pricing documentation.

Tackling Illicit Financial Flows

Thank you for once again raising the issue of illicit financial flows (IFFs). Like you, we believe that illicit financial flows divert resources from development and welcome the high level of attention that the Mbeki report has brought to this issue. The WBG works on three core approaches to IFFs: measuring illicit flows at the country level; assisting countries to prevent the underlying behaviors that give rise to illicit funds; and supporting country and international efforts to stop the flow of illicit funds.

Together, these provide an integrated package of assistance to help countries address IFFs, including through both analytical work and technical assistance to build institutional capacity for greater transparency and accountability. Programs, tailored to specific country contexts, cover issues such as tax administration, money laundering, asset recovery, customs, procurement, and management of extractives. We are also supporting adherence to international standards in antimony laundering, tax transparency, automatic exchange of information, transfer pricing and audit procedures.

In addition to special initiatives such as the Stolen Asset Recovery (StAR) Initiative and the Anti Money Laundering Program, we are supporting countries to implement their EITI commitments relating to increased transparency around revenues from extractive industries, including the new commitment to making public information on beneficial ownership. This is in addition to several programs to support transparent management of extractive resources and use of revenues, as well as procurement and contract award. We monitor compliance with standards concerning tax evasion and reporting, and have recently initiated work with the OECD on fighting tax and financial crime. The WBG also supports efforts to share information across

countries and organizations on companies and individuals who have received administrative sanctions relating to corruption and/or international trade fraud. IDA 18 includes a policy commitment to perform IFFs assessments in at least ten IDA countries to support the identification and monitoring of IFFs.

Scaling up Support from Bretton Woods Institutions

In addition to directly supporting transformative projects on the continent, particularly in energy and infrastructure, the WBG is collaborating with other partners to leverage our assistance.

We have been actively working with development partner and borrower representatives alike to ensure a robust IDA18 replenishment, which resulted in a US$75 billion outcome at the Fourth Meeting in Yogyakarta, Indonesia, which was concluded on December 15. This outcome represents a 44% increase over the IDA17 replenishment. Upon approval of the package by the Governors in Spring 2017, IDA18 will enable us to significantly increase lending to IDA countries across Africa. The continent is expected to continue to receive a significant portion of IDA's financing in IDA 18. In IDA 17, Africa IDA-eligible countries are expected to receive about 56% of total IDA17 allocations, subject to performance. In IDAI8, this share is expected to rise to 60%. Sub-Saharan Africa is also a regional priority for the Global Infrastructure Facility (GIF), and counts for 34 percent of the GIF pipeline, the highest share among all regions in terms of volume.

IDA 18 aims to significantly increase support to all IDA client countries, and double financial support to countries facing fragility, conflict and violence as a group to more than $14 billion. This includes support to help address the root causes of these risks before they escalate -with spillover benefits to neighboring countries and beyond through a Risk Mitigation Regime. Guinea and Niger are among the four countries identified to benefit from this new Regime. IDA18 will also scale up our response capacity for crisis response and pandemic preparedness through enlarging the Crisis Response Window (CRW) and introducing Catastrophe Deferred Drawdown Options (CAT-DDO) for IDA countries. It would also substantially increase the ability to finance regional solutions through the IDA Regional Program, 75% of which is allocated to the Africa region subject to performance. IDA 18' s Regional Program also includes a sub-window of $2 billion to assist countries that host refugees through projects that focus on the medium to longer-term development needs of both refugees and their host communities.

The $2.5 billion Private Sector Window (PSW) aims to promote and support pioneering investments in IDA frontier markets, especially in situations of conflict and fragility. The window is designed to complement the role of the public sector in development by catalyzing new and additional private sector investments to generate positive externalities and create markets in the most challenging environments. The PSW will fully mobilize the World Bank Group by leveraging the advantages and experiences of IFC and MIGA by supporting direct investments that can help grow the domestic private sector in IDA countries.

We believe that these IDA18 innovations, together with the additional resources, will enable us to better meet the diverse financing needs of client countries. The overall financing package will support a $75 billion replenishment for IDAI8.

IFC has always been committed to supporting African IDA countries, and has recently scaled up its interventions in these markets, including in fragile-affected countries. IFC own account investments in Sub-Saharan African IDA countries have grown almost ten-fold from $90 million in 2003 to $870 million in FYI6. More than 60 percent of IFC advisory work is also in these countries. The IDA 18 PSW offers an integrated set of solutions to catalyze additional private sector investment and deepen IFC's development impact.

Its funding allows IFC to use innovative financial tools to mobilize private capital and de-risk transactions that will lead to scaled up private sector investments in IDA countries, including those in fragile situations. The PSW is expected to catalyze up to $6 billion in additional private sector finance from IFC and its co-investors over the next three years in IDA-only and IDA-eligible fragile and conflict affected states. The guarantees for infrastructure, alongside blended finance for agribusiness and manufacturing, and a facility for local currency lending will support market creation across sectors while also supporting interventions with higher development impact. Moving forward, IFC intends to scale up and replicate successes thanks to the integration of advisory solutions, policy/sectorial engagements and deeper partnerships.

MIGA affirms its commitment to (i) increasing guarantees in order to create positive development impact through its de-risking products and (ii) strengthening the expertise of its staff to systematically alleviate risk-related development constraints across African countries, with an emphasis on working closely with clients and government counterparts as well as colleagues across the WBG. A significant portion of this commitment will include MIGA's efforts to help clients take advantage of the IDA18 PSW to increase impact, particularly in FCS countries.

We recognize the importance of helping countries build the institutional capacity needed to manage development programs and achieve results that improve the wellbeing of populations. Many of our IDA-supported programs in African countries include capacity development components, and several regional programs facilitate information sharing among countries. We also believe that South-South and triangular cooperation can be helpful in building capacity, and I am pleased to note that the Africa Region has the greatest number of knowledge exchanges within the South-South Facility and has received the highest grant amount (25 percent) from the Facility.

While we cannot lend to countries that are in arrears, the WBG utilizes trust funds to provide operational and technical assistance in key sectors, as well as macroeconomic management. The HIPC and arrears clearance processes are governed by specific requirements, which we must follow. However, we are providing assistance to countries to meet these requirements, targeted toward their specific circumstances. We are also engaged in discussions with the IMF and other development partners to further the arrears clearance process, and teams are monitoring progress.

III. Supporting Frontier Economies

The WBG recognizes the importance of access to finance, particularly to close the infrastructure gap. However, the external financing environment has tightened markedly due to the global economic slowdown and decline of commodity prices, and borrowing costs have increased significantly. As a result, the indebtedness of several countries has increased, and fiscal space contracted. We believe that increased access to IBRD funds is preferable to short-term borrowing at market rates, given that a rise in interest rates could significantly increase repayment terms. After a careful assessment of debt sustainability and appropriateness for non-concessional borrowing, we have declared a record number of countries eligible for IBRD financing. A successful IBRD capital increase would enable us to provide additional support to eligible countries. We have also provided information on enclave financing opportunities that can also help to attract private sector financing for transformative projects.

IV. Review of the Debt Sustainability Framework

The global financial crisis underlined the importance of debt sustainability to countries' ability to cope with external shocks, to maintain growth, and to reduce poverty. African economies rode out the crisis well, in part because debt relief combined with improved economic stewardship had afforded sufficient buffers to allow counter-cyclical policies to amortize the downturn. Those buffers are now depleted in many African economies,

and debt sustainability is again a challenge in some. In this context, the joint IMF - World Bank Debt Sustainability Framework (DSF) has been designed to provide governments with an appropriate warning system, neither too conservative nor too lax, based both on the historical volatility of economies and on the observed relationship between debt ratios and actual payment difficulties (debt distress). The Framework has become an important point of reference for borrowers and creditors.

The Framework is currently under the latest of a series of regular formal reviews by the Boards of both World Bank and IMF, expected at the beginning of2017. Given the changing debt landscape facing LICs and the length of track record of the DSF, this review will consider more comprehensive modifications than previous reviews (2006, 2009, 2012). The review is revisiting LICs' experiences of debt distress, updating the underlying empirical analysis, assessing the track record of the framework in anticipating debt distress episodes, and considering revising debt thresholds and related guidance in light of its analysis. Simplification of the framework is a specific stated objective of this review, and we are providing assistance to countries to enhance their capacity to undertake debt sustainability assessments and manage their debt burden.

V. Quota, Voice, and Diversity

As indicated during the discussion with the African Caucus during the 2016 Annual Meetings, I am pleased that we have met our target of 12.5 percent of staff of African and Caribbean descent, and will now raise it to 15 percent beginning in FY 18. The Africa recruitment missions we undertook resulted in a strong pipeline of talent that we will draw on, and we are also scaling up staff retention and career development efforts. At present, we have six VPs from Sub-Saharan Africa, four of whom are women. The total of Practice Managers of Sub-Saharan African and Caribbean descent is now over 14 percent. Going forward, we are revising our tracking to account for all African descendent staff, regardless of current nationality, and to include South African staff. I can assure you of my commitment to diversity and to providing opportunities for African staff at all levels of the institution.

Once again, I thank you for your 2016 Memorandum, and I look forward to our continued partnership in support of Africa's development.

Annex 7: Rotation Schedule for the Constituency Chairmanship

FIRST ROUND 2010 - 2052		
YEAR	CHAIRPERSON	VICE CHAIRPERSON
2010	BOTSWANA	BURUNDI
2012	BURUNDI	ERITREA*
2014	ERITREA	ETHIOPIA
2016	ETHIOPIA	GAMBIA, THE
2018	GAMBIA, THE	KENYA
2020	KENYA	LESOTHO
2022	LESOTHO	LIBERIA
2024	LIBERIA	MALAWI
2026	MALAWI	MOZAMBIQUE
2028	MOZAMBIQUE	NAMIBIA
2030	NAMIBIA	RWANDA
2032	RWANDA	SEYCHELLES
2034	SEYCHELLES	SIERRA LEONE
2036	SIERRA LEONE	SOMALIA
2038	SOMALIA	SOUTH SUDAN
2040	SOUTH SUDAN	SUDAN
2042	SUDAN	SWAZILAND
2044	SWAZILAND	TANZANIA
2046	TANZANIA	UGANDA
2048	UGANDA	ZAMBIA
2050	ZAMBIA	ZIMBABWE
2052	ZIMBABWE	BOTSWANA

NOTES:

1. Every country is given a turn for Chairmanship in alphabetical order from A to Z

2. Avoids duplication with IMF Rotation - Governors not serving on the IMF constituency Panel are given preference

**Since Eritrea elected to pass their turn as Vice Chair of the Constituency in 2012-2014, Ethiopia was advanced in its place.*

Annex 8: Rotation Schedule for the Constituency Panel

FIRST ROUND 2010 – 2052					
YEAR	CHAIRPERSON	VICE CHAIRPERSON	OTHER PANEL MEMBERS		
2010	BOTSWANA	BURUNDI	SEYCHELLES	KENYA	SIERRA LEONE
2012	BURUNDI	ERITREA	RWANDA	SWAZILAND	LIBERIA
2014	ERITREA*	ETHIOPIA	LESOTHO	ZAMBIA	SOUTH SUDAN
2016	ETHIOPIA	GAMBIA, THE	NAMIBIA	ZIMBABWE	SUDAN
2018	GAMBIA, THE	KENYA	MOZAMBIQUE	MALAWI	TANZANIA
2020	KENYA	LESOTHO	SWAZILAND	BOTSWANA	ETHIOPIA
2022	LESOTHO	LIBERIA	RWANDA	BURUNDI	SOUTH SUDAN
2024	LIBERIA	MALAWI	MOZAMBIQUE	ETHIOPIA	ZAMBIA
2026	MALAWI	MOZAMBIQUE	GAMBIA, THE	UGANDA	KENYA
2028	MOZAMBIQUE	NAMIBIA	ETHIOPIA	SOMALIA	ERITREA
2030	NAMIBIA	RWANDA	BOTSWANA	SOUTH SUDAN	LIBERIA
2032	RWANDA	SEYCHELLES	LESOTHO	UGANDA	TANZANIA
2034	SEYCHELLES	SIERRA LEONE	SUDAN	ZIMBABWE	LIBERIA
2036	SIERRA LEONE	SOMALIA	KENYA	BOTSWANA	MALAWI
2038	SOMALIA	SOUTH SUDAN	SWAZILAND	ZAMBIA	BOTSWANA
2040	SOUTH SUDAN	SUDAN	LIBERIA	MALAWI	BURUNDI
2042	SUDAN	SWAZILAND	SOMALIA	SIERRA LEONE	LESOTHO
2044	SWAZILAND	TANZANIA	UGANDA	ERITREA	NAMIBIA
2046	TANZANIA	UGANDA	ZAMBIA	SEYCHELLES	BOTSWANA
2048	UGANDA	ZAMBIA	ZIMBABWE	KENYA	GAMBIA,THE
2050	ZAMBIA	ZIMBABWE	UGANDA	BURUNDI	LIBERIA
2052	ZIMBABWE	BOTSWANA	LIBERIA	SUDAN	RWANDA

NOTES:

1. Every country is given a turn for Chairmanship in alphabetical order from A to Z

2. Avoids duplication with IMF Rotation - Governors not serving on the IMF constituency Panel are given preference

3. Other panel members reflects regional balance (East, South and West)

4. Schedule revised to include South Sudan following the country's membership to the Constituency in October 2012

**Since Eritrea elected to pass their turn as Vice Chair of the Constituency in 2012-2014, Ethiopia was advanced in its place.*

Annex 9: Rotation Schedule for Constituency Representation on the Development Committee

FIRST ROUND 2010 -2052						
YEAR	DC REPRESENTATIVE	ALTERNATE	ASSOCIATES			
2010	ZIMBABWE	ZAMBIA	TANZANIA	ERITREA	RWANDA	GAMBIA, THE
2012	ZAMBIA	UGANDA	GAMBIA, THE	MALAWI	LESOTHO	KENYA
2014	UGANDA	TANZANIA	NAMIBIA	MOZAMBIQUE	ZIMBABWE	SIERRA LEONE
2016	TANZANIA	SWAZILAND	LESOTHO	RWANDA	BURUNDI	LIBERIA
2018	SWAZILAND	SOUTH SUDAN	SIERRA LEONE	SOMALIA	LESOTHO	UGANDA
2020	SOUTH SUDAN	SUDAN	NAMIBIA	ZIMBABWE	GAMBIA, THE	BURUNDI
2022	SUDAN	SOMALIA	KENYA	ZAMBIA	SWAZILAND	SIERRA LEONE
2024	SOMALIA	SIERRA LEONE	ZIMBABWE	LESOTHO	NAMIBIA	GAMBIA, THE
2026	SIERRA LEONE	SEYCHELLES	SWAZILAND	ETHIOPIA	BOTSWANA	TANZANIA
2028	SEYCHELLES	RWANDA	SUDAN	TANZANIA	ZIMBABWE	SWAZILAND
2030	RWANDA	NAMIBIA	KENYA	SUDAN	ZAMBIA	SIERRA LEONE
2032	NAMIBIA	MALAWI	BURUNDI	KENYA	SIERRALEONE	SOUTH SUDAN
2034	MALAWI	MOZAMBIQUE	TANZANIA	GAMBIA	ETHIOPIA	BURUNDI
2036	MOZAMBIQUE	LIBERIA	LESOTHO	ZAMBIA	ERITREA	SEYCHELLES
2038	LIBERIA	LESOTHO	GAMBIA, THE	MALAWI	NAMIBIA	RWANDA
2040	LESOTHO	KENYA	MOZAMBIQUE	ZAMBIA	ZIMBABWE	UGANDA
2042	KENYA	GAMBIA, THE	BOTSWANA	NAMIBIA	ETHIOPIA	RWANDA
2044	GAMBIA, THE	ETHIOPIA	ZAMBIA	ZIMBABWE	LIBERIA	MALAWI
2046	ETHIOPIA	BURUNDI	SIERRA LEONE	LIBERIA	LESOTHO	SOUTH SUDAN
2048	BURUNDI	ERITREA	LIBERIA	SOMALIA	SWAZILAND	NAMIBIA
2050	ERITREA	BOTSWANA	KENYA	SIERRALEONE	SEYCHELLES	RWANDA
2052	BOTSWANA	GAMBIA, THE	SIERRA LEONE	KENYA	ETHIOPIA	MOZAMBIQUE

NOTES:

1. *Avoids duplication with the other Panel membership*
2. *DC Representative and Alternate Members accorded opportunity in descending alphabetical order (Z to A)*
3. *Associate Members are selected on basis of providing regional balance*
4. *Schedule revised to include South Sudan following the Country's membership to the Constituency in October 2012*

Annex 10: Rotation Schedule for Executive Director and Alternate Executive Director

FIRST ROUND 2010 - 2052		
Year	Executive Director	Alternate ED
2010	SUDAN	ZAMBIA
2012	ZAMBIA	SEYCHELLES
2014	SEYCHELLES	ZIMBABWE
2016	ZIMBABWE	BOTSWANA
2018	BOTSWANA	UGANDA
2020	UGANDA	BURUNDI
2022	BURUNDI	TANZANIA
2024	TANZANIA	ERITREA
2026	ERITREA	SWAZILAND
2028	SWAZILAND	ETHIOPIA
2030	ETHIOPIA	SOUTH SUDAN
2032	SOUTH SUDAN	SOMALIA
2034	SOMALIA	GAMBIA, THE
2036	GAMBIA, THE	SIERRA LEONE
2038	SIERRA LEONE	KENYA
2040	KENYA	RWANDA
2042	RWANDA	NAMIBIA
2044	NAMIBIA	LESOTHO
2046	LESOTHO	MOZAMBIQUE
2048	MOZAMBIQUE	LIBERIA
2050	LIBERIA	MALAWI
2052	MALAWI	

NOTES:

1. *Sudan and Zambia accorded special dispensation to serve their turn under rotation system of the erstwhile Africa Group I Constituency*
2. *Seychelles which has never served the Constituency as Executive Director is accorded special dispensation on the rotation system*
3. *The rest of the countries follow an Alphabetical rotation alternating between Z and A until the first round is completed, taking into account South Sudan's membership of the Constituency in October 2012*
4. *This schedule proposed with a view to avoid duplication with IMF Rotation for EDs and AEDs*

Executive Director and Alternate Executive Director

Mr. Andrew Ndaamunhu Bvumbe
Executive Director
ZIMBABWE

Ms. Anne Kabagambe
Alternate Executive Director
UGANDA

Senior Advisors and Advisors and to Executive Director

Wilson T. Banda
Senior Advisor
Malawi

Sheku Bangura
Senior Advisor
Sierra Leone

Edouard Ngirente
Senior Advisor
Rwanda

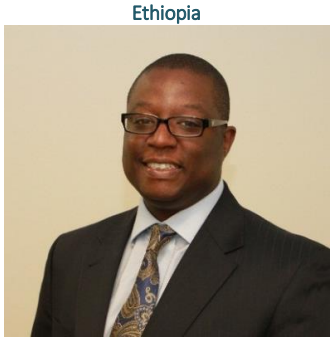
Chris Hoveka
Senior Advisor
Namibia

Solome Lumala
Senior Advisor
Uganda

Felleke Mammo
Senior Advisor
Ethiopia

Allan Ncube
Advisor
Zimbabwe

Antonio Fernando
Advisor
Mozambique



Chola Milambo
Advisor
Zambia

Abdirahman Shariif
Advisor
Somalia

Lamin Bojang
Advisor
The Gambia

Administrative Staff

Mohammed Ahmed
Program Assistant
Sudan

Lozi Sapele
Program Assistant
Zambia

Wubalech Mekonnen
Senior Executive Assistant
Ethiopia

Petronella Makoni
Program Assistant
Zimbabwe

AFRICA GROUP I CONSTITUENCY
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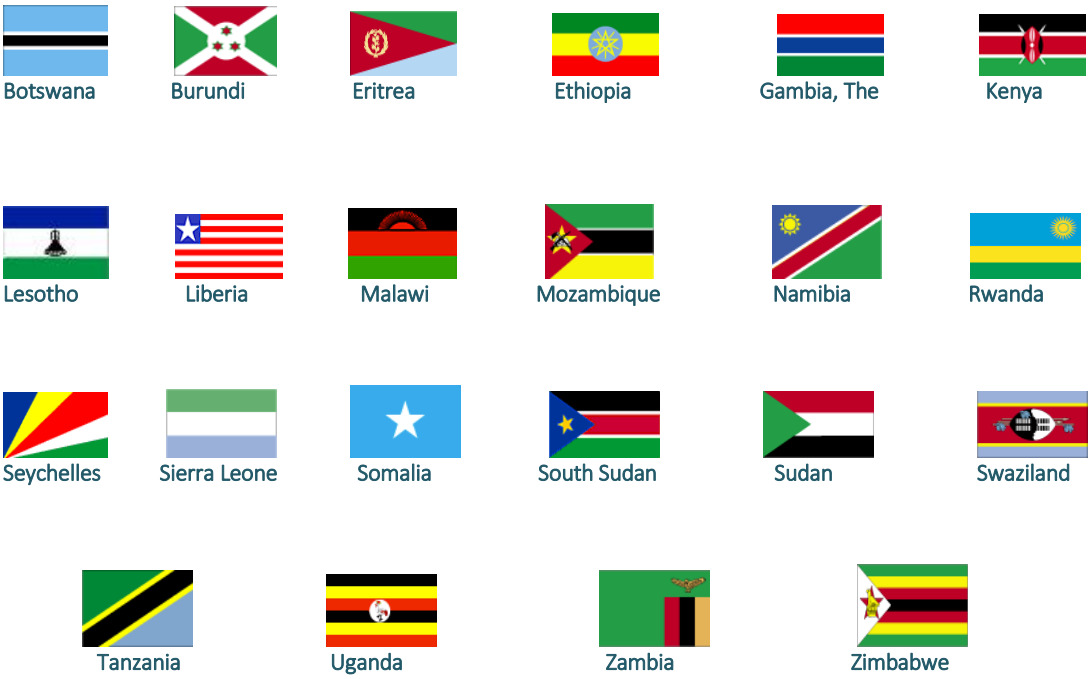
Office of the Executive Director, EDS14



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